

# Strategic planning and leadership: renewing the relationship to reclaim the rewards<sup>1</sup>

## Planificación estratégica y liderazgo: renovando su relación para reclamar recompensas

## Planificação estratégica e liderança: renovando sua relação para reclamar recompensas

Stacie L.L. Morgan, Ph.D.<sup>2</sup>

### Abstract

The growing disconnect between the characteristics of the complex, uncertain business environment and leaders' perceptions of strategy, including their role in developing and maintaining it, is having an increasingly large impact on organizations' competitive advantage and overall effectiveness. The necessity for creating success in a complex environment establishes the urgency for renewing the relationship between leadership and strategic planning that is based upon leadership's roles and responsibilities for building a base for strategic action and putting strategy and planning to work. The key to effectively surmounting today's challenges and tomorrow's opportunities lies in developing a strategic plan that is actually an organizational strategy and implementation plan which draws upon on the organization's core competencies and communicates the long-term value you provide to your customers, no matter how the world may change. The real power of strategy, discovered over two thousand years ago by the ancient Chinese Strategist, Sun Tzu, is that strategy is not a plan! (1991, Wee, Lee, & Hidajat, trans; 1988, Cleary trans.) Strategy is the one strength you choose to rely upon to win the relationship with your customer. Using a unique and singular strategy to focus your organization is the beginning of a renewed relationship between Leadership and Strategic Planning and is a reliable way to reclaim the rewards of thinking more strategically. Being better able to develop and deploy an effective competitive strategy and implementation plan that can focus all organizational efforts, increase the organization's return on investments and assets; eliminate wasted time, effort and resources; as well as differentiate your organization from its competition, is a reward worth reclaiming.

**Key Words:** Strategy, Strategic Management, Strategic Planning, Future Planning, Vision, Environmental Scanning, Long-view, wide-view, Uncertainty, Complexity.

### Resumen

La creciente desconexión entre las características de un entorno de negocios complejo e incierto y las percepciones de los líderes sobre la estrategia, lo cual incluye su rol como aquellas personas que desarrollan y mantienen la estrategia, está teniendo un impacto creciente sobre la ventaja competitiva de las organizaciones y su efectividad global. La necesidad de conseguir el éxito en un entorno complejo establece la urgencia para renovar la relación entre el liderazgo y la planificación estratégica que se basa en los roles y responsabilidades del líder para construir una base para la acción estratégica y para poner la estrategia y la planificación a trabajar. El aspecto clave para conseguir superar los desafíos de hoy en día y las oportunidades de mañana reside en el desarrollo de un plan estratégico que está basado de hecho en una estrategia organizativa y un plan de implantación que están sustentados sobre las competencias esenciales de la organización y comunica el valor a largo plazo que se genera para los clientes,

### Resumo

A crescente desconexão entre as características de um ambiente de negócios complexo e incerto e as percepções dos líderes sobre a estratégia, o qual inclui seu papel como aquelas pessoas que desenvolvem e mantêm a estratégia, está tendo um impacto crescente sobre a vantagem competitiva das organizações e sua efetividade global. A necessidade de conseguir o sucesso em um ambiente complexo estabelece a urgência para renovar a relação entre a liderança e o planejamento estratégico que se baseia nos papéis e responsabilidades do líder para construir uma base para a ação estratégica e para pôr a estratégia e o planejamento a trabalhar. O aspecto principal para conseguir superar os desafios atuais e as oportunidades futuras reside no desenvolvimento de um plano estratégico que está baseado, de fato, em uma estratégia organizativa e um plano de implementação que estão sustentados sobre as competências essenciais da organização e que comunica o valor a longo prazo que se gera para os clientes, sem importar o quanto

Entregado en 25/03/2011 | Aprobado en 30/05/2011.

1. Artículo de reflexión elaborado por la autora en School of Graduate and Continuing Studies de la Universidad de Norwich, USA.

2. Doctora en Gestión Estratégica. Es consultora en Estrategia Empresarial y profesora de Dirección Estratégica y Liderazgo Organizacional en la Universidad de Norwich, Escuela de Postgrado y Estudios Continuos. Ella enseña en los programas MBA y MSOL. Es autora de The Leader's Guide to Strategy in Crisis and Professional Strategy in a New York Minute (New Strategy Press). Es experta en el diseño de procesos sencillos para obtener difíciles trabajos bien hechos. Puede visitarla en [www.balancedmanagement.com](http://www.balancedmanagement.com)

sin importar cuanto pueda cambiar el mundo. El poder real de la estrategia descubierto hace unos dos mil años por el estratega chino, Sun Tzu, es que: ¡la estrategia no es un plan!<sup>1</sup>. La estrategia es la fortaleza que se elige para conseguir ganar una relación estable y duradera con el cliente. El empleo de una estrategia única y singular para enfocar su organización es el comienzo de una renovada relación entre el Liderazgo y la Planificación Estratégica y es una forma fiable de obtener las recompensas como consecuencia de pensar de una forma más estratégica. Siendo capaces de desarrollar y desplegar una estrategia competitiva efectiva y un plan de implantación que pueda enfocar todos los esfuerzos de la organización se consigue: incrementar los retornos sobre la inversión y sobre los activos; eliminar las pérdidas de tiempo, esfuerzo y recursos; al mismo tiempo que se logra diferenciar su organización de la competencia, por lo tanto se trata de una recompensa que merece la pena conseguir.

**Palabras clave:** Estrategia, Dirección Estratégica, Planificación Estratégica, Planificación futura, Visión, Análisis del entorno, largo plazo, visión amplia, incertidumbre y complejidad.

1. Tzu, Sun. War & management. (Wee, Lee, & Hidajat, Trans). Reading, Massachusetts: Addison-Wesley Publishing Company. (Original work written century's before the birth of Christ).1991.

possa mudar o mundo. O poder real da estratégia, descoberto há uns dois mil anos pelo estrategista chinês, Sun Tzu, é que a estratégia não é um plano! A estratégia é a fortaleza que se escolhe para conseguir ganhar uma relação estável e duradeira com o cliente. O uso de uma estratégia única e singular para enfocar sua organização é o começo de uma renovada relação entre a Liderança e o Planejamento Estratégica e é uma forma confiável de obter as recompensas como consequência de pensar de uma forma mais estratégica. Sendo capazes de desenvolver e realizar uma estratégia competitiva efetiva e um plano de implantação que possa enfocar todos os esforços da organização, consegue-se: aumentar os retornos sobre o investimento e sobre os ativos; eliminar as perdas de tempo, esforço e recursos; ao mesmo tempo se consegue diferenciar sua organização da concorrência, portanto, trata-se de uma recompensa que vale a pena conseguir.

**Palavras-chave:** Estratégia, Direção Estratégica, Planejamento Estratégico, Planejamento futuro, Visão, Análise do ambiente, longo prazo, visão ampla, incerteza e complexidade

## Introduction

### Current State

Our world has become characterized by an economy that spans the globe. We've heard so much about the coming of this global economy and its actual arrival, but very little about the complexity and uncertainty it brings with it or what it means to organizational leaders and their day-to-day efforts. Whether you run a small business, government organization, multinational corporation, or non-profit organization, today's complex and global environment may still seem distant and somehow disconnected from your organization. Many organizational leaders, in fact, still maintain the impression that they don't need to change how they think about strategy, competitive advantage, and strategic planning to be successful in our current environment. The fact is, today's business environment is very different from when most organizational leaders and educators honed their craft, and it will be substantially different in the future, if not tomorrow.

The growing disconnect between the characteristics of the complex and uncertain business environment and leaders' perceptions of strategy and their role in developing and maintaining it is having an increasingly large impact on organizations' competitive advantage and overall effectiveness. This impact is

by nature destructive and, unfortunately, often barely visible until it is too late and market share is lost in what seems like the blink of an eye. In our expanding business environment, the way organizations have been using strategy and strategic planning is rapidly losing effectiveness. From shortened planning horizons and too narrow a focus, to inconsistent use of tools, terminology, and leadership roles, organizations have become more and more managed and less and less lead...and therefore, less and less competitive.

In the fast-paced and uncertain environment in which we live and work, organizations are often pressured to focus on survival instead of growth, on themselves instead of others, on today at the expense of tomorrow. Leaders' use of strategy and strategic planning have devolved into tactics and operation planning without anyone even noticing the root cause of organizations' limited success.

It has therefore become evident that the way many organizations and their leaders use strategy and strategic planning is in a state of crisis.

- Organizational strategy has lost its power to unite employees and lead the way to a clear and successful future. Business units, divisions, and other sub-units of larger organizations seldom have a strategy that is deployed from or is a supporting derivative of the larger organizational strategy, making the achievement of

either's goals, *and therefore the overall vision*, nearly impossible. Some visible symptoms of this crisis include marketing strategies that often fail to consistently draw our attention to a singular, clear, memorable, and meaningful benefit of a product or service. In addition, strategies tend to focus on benefits that are difficult to substantiate or easily imitated, not demonstrating unique value.

- › *Sales strategy*, too, is often far from customers' needs and goals and is usually a cluster of tactics or an activity plan.
- › *Individual strategy* is virtually non-existent, creating organizations of people who aren't clear about who they are and what strength they bring to the greater whole.

Strategy's potential power is seemingly lost on leaders who are unfamiliar with the intricacies of how to wield it. Our complex and uncertain business environment requires the most effective use of strategy and strategic planning for the competitive advantage and long-term success of the organizations they lead in these uncertain times.

It doesn't matter if your organization is large or small, global or local, public or private; we all need a clear strength that we can rely upon to get us to our vision and contingencies for how to handle the inevitable changes in the market and the world around us. This is the challenge of today's leader.

## Purpose

A renewed relationship between Strategic Planning and Leadership offers a solution to this crisis of strategy and can catapult leaders to new levels of efficiency and effectiveness. Whether leaders are born or made, their key role is to steer the organization toward a successful future.

This article takes leaders to where the "rubber meets the road" with methodology forged in real organizations of every size, type, and industry. This is the "street side" of strategic planning and leadership, coming to you from today's trenches, and proven in the uncertainty of our complex and chaotic business environment's real challenges and real successes. All theories and practices have been melded into a proven process with a solid set of tools that will finally put you in the driver's seat so you can take your organization where it truly needs to go.

Strategic Planning is no longer a short-term task to be delegated. Leaders' role in, and responsibilities for increasing short-term productivity while also insuring the long-term success of your organization is intricately

tied to the *nature* of their strategic planning. "The point is that leaders must spend time thinking about the future and become better able to project themselves ahead in time."<sup>2</sup> The **Purpose** of strategic planning is to unlock the power of strategy for their organizations in today's world; offering them a reliable process and set of tools that will allow them to assume the critical aspect of leadership which is to chart the long-term course for their organization. This article will demystify some closely held secrets, lost in the rubble of time before Christ was even born, revealing the real power of strategy, which was discovered thousands of years ago by the ancient Chinese Strategist, Sun Tzu Sun Tzu<sup>3</sup>. Like in the game of telephone, the real power of strategy has been lost over the years and is now a garbled and diluted version of its former self. Most organizations think they know what strategy is and does, but the evidence around us says otherwise...

Through this renewed relationship between Strategic Planning and Leadership, leaders will learn how to think more strategically so they are better able to develop and deploy an effective competitive strategy and implementation plan that can focus all organizational efforts, increase their organization's return on investments as well as assets; eliminate wasted time, effort and resources; as well as differentiate their organization from its competition. Strategic Planning and its new relationship with Leadership is how leaders can prepare for uncertainty and develop strategic contingencies as well.

## Renewing the Relationship

### A Revised Approach to Strategic Planning

Strategic planning is the most commonly practiced and most commonly misunderstood activity in organizations of any type, size, industry, and nationality. We all may do it, we all may know we need to do it; we just all happen to do it differently. And, of course, our results differ as well. We may use the same vocabulary, have the same desires and intent, but where academic theories leave off or contradict each other, today's pressure for productivity and profit take over, leaving organizations in the lurch with both theory and practice out of sync. As the ancient Chinese Strategist Sun Tzu has stated:

With careful and detailed planning, one can win; with careless and less detailed planning, one cannot win. How much more certain is defeat if one does not plan at all! From the way planning is done beforehand, we can predict victory or defeat.<sup>4</sup>

2. Kouzes, J.M. & Posner, B.Z. The leadership challenge (4th ed.). San Francisco: John Wiley & Sons, Inc. 2007, p. 113

3. Tzu, Sun.. Op. cit. 1991.

4. Tzu, Sun. Op. cit., 1991, p.16.

This renewed relationship focuses on the way strategic planning is done and the leader's role and responsibility to make sure it is performed reliably and consistently over time and that it serves its innate purpose. Some, however, see strategic planning as "bothering about the best method of accomplishing an accidental result"<sup>5</sup> and have elected not to do it, or to have an insincere or uncommitted approach to the process, focusing entirely on the resulting paper plan. However, the strategic planning process, whether viewed as an "art of conjecture" or not, is often the antidote for the anxiety precipitated by our unstable environment<sup>6</sup>. The evidence of a global economy has started a series of changes in the way many organizations do business. Developing organizational strategy and planning for the future is different in a global marketplace, whether you compete globally or locally, and takes into consideration many more factors than just the state of the economy. Whether or not leaders see these changes and plan accordingly varies among organizations. Schwartz<sup>7</sup> has found that there is a high degree of variation in whether or not leaders, worldwide, think "long" or "short" in terms of their planning. Also to be seen is whether these organizations take a "wide" systems view or a "narrow" self-centered view. The effects of these views greatly impact the results of their strategic planning process and the success of the organization's leadership.

Organizational leaders are tasked with the strategic responsibility of charting the organization's course. "They have to be on the lookout for emerging developments in technology, demographics, economics, politics, arts, and all aspects of life inside and outside the organization."<sup>8</sup> The leader's role is to look ahead and envision the organization's future. The leader's responsibility is to figure out how to take the organization to that envisioned future. Leaders' efforts to accomplish organizational strategy may be formalized in a planning process, result in a documented plan, or are informal and intuitive. A renewed relationship will help leaders take a wide view over a narrow view and understand the challenge before them; understanding that leaders who think "long" in terms of their planning, necessarily have a "wide" view which is so critical in our uncertain global busi-

ness environment. For as Hughes et al. emphasizes, "...not attending to environmental characteristics is the root of extinction, both for the organization and for the populations at large."<sup>9</sup> It is the premise of this renewed approach that those who purport that strategic planning is not necessary because the future is unknowable are taking a short-term, narrow view which enhances their perceptions of stability—i.e., if I cannot know or control the future than I have no responsibility or accountability for the organization's future. Therefore, the remainder of this writing will focus on the premise that strategic planning, in any form, not only relieves organizations' anxiety about the future, but serve as an invaluable tool for managing uncertainty and responsibly guiding the organization's long-term future<sup>10</sup>.

Strategic planning has always been organizations' vehicle for managing uncertainty. When deployed throughout an organization. Corporate strategy can unite and direct an organization to its desired future. Traditional strategic planning attempts to predict the future and know the unknowable. In the light of our nonlinear, interconnected, and highly variable environment, strategic planning must have a new purpose, a new place and a new style.

## The Purpose of Strategic Planning

Strategic planning has been used to map an organization's path to an envisioned future. Kaufman<sup>11</sup> describes two approaches to strategic planning:

Reactive planning, the most usual mode, responds after-the-fact to pressures and stresses. A reactive mode might be triggered by competition, a problem or crisis, obstacles, a changing world, shifting politics. Proactive planning seeks to create an improved reality—even of that involves modifying organizational objectives—before pressures, crises, and problems surface.

For leaders to be strategic in our turbulent times, the standard reactive planning is no longer an option. Although both reactive and proactive planning with be introduced, changes in the business environment are occurring too frequently to be reactive and still be competitive in ten to twenty years. Proactive planning is the only strategic option for the future that leaders

5. Allaire, Y. & Firsirotu, M.E. Coping with strategic uncertainty. *Sloan Management Review*, 30(3), 1989, pp. 7-16.

6. Fisher, A.B. Is long-range planning worth it? *Fortune*. 121(9), 1990, pp. 281-284

7. Schwartz, P. *The art of the long view*. New York: Doubleday. A visioning process for long range planning relying on scenario building. 1991, p.13.

8. Kouzes and Posner, Op. cit. 2007, p.110.

9. Hughes, R., Ginnett, R., & Curphy, G. *Leadership: enhancing the lessons of experience* (6th ed.). New York: McGraw-Hill/Irwin. 2009, p.563

10. Allaire & Firsirotu, Op. cit. 1989, p.8.

11. Kaufman, R. Strategic planning and thinking alternative views. *Performance & Instruction*, 29(8), 1990, pp.1-7.



think will unfold, or a future for which they are planning that is of their own design.

The nature of the business environment requires organizational leaders to seek intelligence to prepare themselves for strategy development<sup>12</sup>. Whether they are trying to predict and prepare for the future, create the future and plan how to make it happen, or as Peter Drucker has suggested, simply look out the window and see what is visible but not yet seen<sup>13</sup>, leaders with a long-term approach will use this information to adjust their organizational capacities for the possibilities of the future business environment, while leaders with a short-term view will only look for data on the effects of their current strategy.

The difference in these two approaches signifies the nuance between future planning and strategic planning, both of which will be addressed in as this renewed approach to strategic planning is revealed. Future planning, for example, can be strategic planning, but long-term/future planners look ten to twenty years into the future often want to differentiate themselves from the historic short-term planning horizon (typically five years) of strategic planning. Let's look at the relationships each planning approach has to the reality of today's organizational life and how organization's experience uncertainty.

Allaire and Firsirotu<sup>14</sup> purport that strategic planning must include three ways for organizations to cope with uncertainty:

1. the predict-and-prepare response;
2. the power response: create your future by dominating or eliminating sources of uncertainty; and
3. the structural response: build in a capacity for flexible response and adaptation.

To renew our approach to strategic planning we must explore these three ways of coping with uncertainty, focusing on how leaders acquire and apply knowledge to the act of strategy development. The scope will only briefly discuss the *structural response* to uncertainty. The structural response, however important, is a tactical reply to a chosen strategy (i.e., maintaining a small staff and inexpensive locale which uses the structural response to develop the tactic of keeping the organization's overhead low, supporting a stra-

tegy of low price). The *predict-and-prepare response* is the type of strategic planning approach organizations have always relied upon. In light of the complex, variable and interconnected nature of our global economy, predicting-and-preparing takes on a whole new purpose for the long-term planner.

If the future is knowable, as some theorists question, we must gather as much intelligence on it as possible and prepare for it, as has been the standard procedure. However, gathering intelligence on a complex variable and interconnected environment is very different from the market analysis that used to suffice in this area<sup>15</sup>. If the future is not knowable, then we must still learn about the patterns and boundaries of our organization's environmental system so we can determine not the predictable future, but the guiding or operating principles of the future<sup>16</sup>.

The patterns of power that developing strategic contingencies (part of "future planning" processes) have on obtaining long-term competitive advantage is unlike the *power response* that traditional strategic planning has employed in efforts to cope with uncertainty. This power response involves creating an organization's future by dominating or eliminating sources of uncertainty. Such an approach to uncertainty is contested by those who believe the future to be unknowable and/or indomitable<sup>17</sup>. Additionally, there are those who question whether we should be trying to predict the future or should concentrate on inventing it<sup>18</sup>. If we are trying to invent the future, whether it is knowable or not becomes moot. A new use for the power response would then focus on determining the most achievable or desirable future and planning how to realize it. The source of power in either case is knowledge—understanding the forces at play and their relationship to each other, the directions you want to take, and your platform for action. Like organizations' patterns of power which are demonstrated through strategic contingencies, strategic planning must use knowledge to develop the power to manage and respond to uncertainty.

15. Dffenbach, Op. cit. 1983, pp. 107-116.

16. Kinni, T. B. Strategic thinking: It depends on synthesis as opposed to analytic skills. *Industry Week*, 243(15), 1994, August 15, pp. 47-48.

17. Crossan, M.M. The improving organization: where planning meets opportunity. *Organizational Dynamics*. 24(4), 1996, pp. 20-35. Stacey, R.D. Managing the unknowable. San Francisco: Jossey-Bass. 1992.

18. Raimond, P. Two styles of foresight: are we predicting the future or inventing it? *Long Range Planning*. 29 (2), 1996, pp. 208-214.

12. Dffenbach, J. Corporate environmental analysis in large U.S. corporations. *Long Range Planning*, 16(3), 1983, pp. 107-116.

13. Hesselbein, F. & Goldsmith, M. (Ed.) (2009). *The organization of the future 2*. San Francisco: Jossey-Bass. p. xi.

14. Allaire and Firsirotu, Op. cit. 1989, p. 8.

Allaire and Firsirotu<sup>19</sup> describe the *ideal* purposes of strategic planning, which this renewed approach will imbue, as:

1. providing a charter for the organization and helping it assert control over its destiny;
2. questioning the organization's ways of thinking, managing and operating;
3. facilitating organizational learning and the development of team spirit, learning about the operating principles of the future and developing one organizational strategy to inspire and unite organizational members;
4. structuring discussions and building consensus around specific decisions and actions, which emphasized strategic planning as a social process gleaning strategic insight from a variety of perspectives<sup>20</sup> and
5. defining and choosing among alternatives and coordinating actions among relevant players.

It can be said that strategic planning, in its ideal sense, is not just based upon leaders' foresight but that the process itself generates an amount of foresight. It is this process that must be one of the new purposes of strategic planning. This renewed approach to strategic planning integrates the concepts and practices of strategic foresight into leaders' daily existence. There is a discernible, sequential pattern in consistently successful, foresighted strategic decision-making. Integrated into this renewed approach to strategic planning are Ohmae's<sup>21</sup> five-steps that leaders must follow to be considered foresighted:

1. clearly define the business domain;
2. extrapolate the forces at work in the business environment into the future on the basis of cause and effect, and a logical hypothesis as to the most likely scenario must be stated simple and succinctly;
3. of the many strategic options open to the business, only a few may be chosen;
4. the company must pace its strategy according to its resources rather than going all out to achieve too much too soon;

5. management must adhere to the basic assumptions underlying its original strategic choice as long as those assumptions hold.

The first step of clearly defining the business domain can be described as what the famous Chinese strategist, Sun Tzu, referred to as Knowing the Terrain<sup>22</sup>. This step requires leaders to map out the business environment of which their organization is a part, which is learning about the dynamic system and its elements.

Step two involves actually studying the business environment by scanning activities and analyzing trends in order to develop strategic contingencies. Leaders study trends to understand forces that may impact the organization in the future. The problem with step two is its out-dated reference to the logic of cause and effect, which the science of nonlinear dynamics proves to be inaccurate. The traditional cause and effect approach to trend analysis involved the study of trends which could be obviously seen to impact the organization directly (i.e., the economy, market share ratings, etc.). Nonlinear dynamics shows that trends and events in seemingly distant and/or unrelated areas of the environment having an indirect effect on the organization yet have a direct effect on organizational performance (i.e., sociocultural trends involving pursuit of quality of life, telecommuting and virtual organizations). Organizations still experience a type of cause and effect, however, causes and/or effects can occur outside the leader's or the organizations' purview and are not equal and opposite as previously believed. The traditional logic of cause and effect follows that if the economy is strong, for example, consumers will most likely buy an organization's products (providing they offer quality and value). This is an example of an equal and opposite reaction—consumers have money, so they spend it. Nonlinear dynamics accounts for "illogical" cause and effect where effects are not equal or opposite, where in this example, the economy is good and an organization provides quality and value yet consumers don't buy the product because something unforeseen happened in a distant region of the business environment. In this hypothetical example, a news report on a small child in a developing country touched the hearts of so many consumers that a major shift in values occurred, making the organization's product undesirable overnight.

Step three is simple, and Sun Tzu said it best when he espoused the benefits of selecting one strategy, by recounting that when you have one strategy you have

19. Allaire and Firsirotu, Op. cit., 1989, pp. 7-16.

20. Nadler, D. A. Collaborative strategic thinking. Planning Review, 22(5), 1994, Sept.01, pp. 30,31,44.

21. Ohmae, K. The mind of the strategist: The art of Japanese business. New York: McGraw Hill. 1982, pp. 242-243.

22. Tzu, Sun. Op. cit., 1988, p. 143.

a high chance of succeeding, when you have two strategies you are twice as likely to fail<sup>23</sup>.

Step four; pacing your strategy to keep up with your resources uses a narrow approach to planning that is a tactical concern focusing on *how* to do the job, not *what* job should be done. If a leader's focus is on current resources, then the visioning process is either absent or constrained. A strategy has nothing to do with the resources for doing anything too much, too little, too fast or too slowly.

And step five, is a valid point that speaks directly to the issues of this discussion. If leaders are to obtain and maintain long-term strategic advantage in the midst of uncertainty, the basic assumptions underlying their original strategic choice must be constantly questioned and evaluated to determine if those assumptions still hold. This is the goal of managing uncertainty and the new purpose of strategic planning. It is this process of assessing the business environment and aligning strategy that characterizes the new style of strategic planning in our turbulent times. The process of planning becomes the valued result as opposed to the documented plan.

The long or wide view of future planning and the prepare-and-predict and power responses of strategic planning help organizations cope with uncertainty. Both of these approaches to planning refer to a traditional phase of the planning process: environmental scanning. It is this scanning process which has evolved into the real vehicle for strategy development. The nature of the business environment, however, requires a much broader scanning scope and a much more critical analysis of events in order to plan for the long-term future<sup>24</sup>.

The environmental scanning of yesteryear has evolved into an analysis of the organizations' strategic knowledge and the ability to identify and close gaps in that knowledge as the means to prepare for uncertainty before launching into the action of planning goals and objectives. Leaders are charged with rummaging through the bits and bytes of data that accumulate daily and noticing how they related to each other<sup>25</sup> to help guide the organization and seek out untapped competitive advantage. The necessity for creating success in a complex environment establishes the urgency for renewing the relationship between leadership and strategic planning which is based upon leadership's roles and responsibilities

for building a base for strategic action and putting strategy and planning to work.

## Reclaiming the Rewards

### The Importance of Strategy

In order to reclaim the rewards of a renewed relationship between strategic planning and leadership, leaders must no longer look for a "play book" or a "game plan"; leaders need to put strategy to work. Strategy determines the trajectory of the organization's future path. It is an approach for fulfilling the organization's vision and mission<sup>26</sup>. Strategy is a deliberate search for a plan of action that will develop a business' current and future competitive advantage and compound it<sup>27</sup>. Notice that strategy is not the plan itself. Using strategy creates a pattern in a stream of important decisions that focus organization efforts on the path to a successful future<sup>28</sup>. This "pattern" is based upon a singular, representative strength or advantage. It is this advantage that must be maintained in a rapidly changing and complex business environment. Yet strategy is very often confused with tactics, thus providing organization with things to do, but no clear idea of where they are going or what strength or advantage they must rely upon successfully take the organization toward its vision. Tactics are concerned with doing the job "right," while strategy is concerned with doing the "right" job<sup>29</sup>. Strategy's focus on the "right job" or best approach to achieving an end is the tether that connects an organization to its vision and mission—its competitive advantage. When chaos is seemingly all around, strategy provides the focus for daily activities and keeps each individual, and therefore the entire organization, on the path toward its future. It is the strategic knowledge from your "base for action" as previously mentioned, which helps leaders select the "right job" or their strategy.

26. Byars, L.L. (1991). Strategic management formulation and implementation. New York: Harper Collins Publishers. Higgins, J.M. & Vincze, J.W. (1993). Strategic management text and cases. Orlando, FL: Harcourt Brace Jovanovich College Publishers.

27. Henderson, B. D. The origin of strategy. In C. A. Montgomery & M. E. Porter (Eds.), Strategy: Seeking and securing competitive advantage. 1989, pp. 3-9. Boston: Harvard Business Review.

28. Miles & Snow, 1978 Miles, R. E. and Snow, C. C. (1978). Organizational strategy, structure, and process. New York: McGraw-Hill Book Co.; Mintzberg, H. Crafting strategy. In C. A. Montgomery & M. E. Porter (Eds.), Strategy: Seeking and securing competitive advantage. 1987, pp. 403 - 420. Boston: Harvard Business Review.

29. Drew, D.M., & Snow, D.M. Making strategy: An introduction to national security processes and problems. Maxwell Air Force Base, Alabama and Washington, DC: Air University Press. 1988.

23. Tzu, Sun. Op. Cit., 1991, p.85

24. Diffenbach, J. Corporate environmental analysis in large U.S. corporations. Long Range Planning, 16(3), 1983, pp. 107-116.

25. Kouzes and Posner, Op. cit. 2007. p.110.

## Strategy's Purpose

The aforementioned description of strategy is simplistic by intent. The use of strategy is simple. The purpose of strategy is to unite groups of people to achieve a common vision. Strategy is the process of focusing effort and performing the "right" job or taking the "right path. Such use of strategy makes life for organizational members clear and meaningful. When in doubt about what to do, check your strategy. If your actions support the strategy, continue with them and if they don't support your strategy, discontinue those actions. This use of strategy is applicable at all levels of an organization from corporate strategy down through individual strategy. Using strategy, however, is very different from developing strategy.

## Developing and Managing Strategy

Strategy development must contend with the uncertainty of the business environment in order to produce and maintain an effective or viable strategy. Leaders need a far-reaching view of many different areas impacting their business in order to develop strategy. As change becomes more commonplace, the need for managing organizational strategy is increasingly important.

Strategic management is the name given the challenge of how to lay the foundation for tomorrow's success while competing to win in today's marketplace<sup>30</sup>. This requires a full awareness of events and trends in the global business environment. Strategic management is an important, difficult and encompassing challenge because an organization's long-term and short-term success must be achieved and maintained in an uncertain world where complexity, rapid change, multiple options and an over abundance of information characterize the marketplace. Managing uncertainty is the in-effect purpose of strategic management. In such a marketplace, strategy is the organization's lifeline.

Leaders, charged with the strategic direction and long-term viability of their organization, however, still appear to be promoted primarily on their tactical success and do not necessarily have the strategic abilities higher leadership positions require. Leaders' inability to develop viable strategies in the midst of uncertainty has left the use of strategy in a period of crisis.

## Strategy in Crisis

Crisis is a harsh work that implies dire consequences to near fatal dilemmas. That is the predicament that has befallen organizations' use of strategy. The

improper use of strategy and the propensity to confuse it with tactics has led organizational leaders into a relaxed and imprecise understanding and application of strategy. The lack of clear strategy is apparent in advertising campaigns all the way up to organizational strategic plans. The use of too many strategies or inappropriate strategies is equally apparent in organizations' and advertising campaigns that do not make sense and leave the viewer of media and print campaigns in a quandary over what is being sold and why they should buy it.

Organizations' strategic focus is not necessarily on a decline. Actually, the complex and changing nature of the expanding global marketplace has created an increased need for clear and foresighted strategy. It is the incongruity between leaders' current levels of strategic acuity and demands of the changing business environment that has put the effective use of strategy in danger at a time when organizations need it the most.

Change effecting strategy is happening everywhere. We have seen examples of dramatic change in the field of Health Care with the evolution of Managed Care in the United States. We have seen major changes in the field of energy with deregulation inspiring the unbundling of energy services, such as gas transport, distribution, and conduits, and the formation of new energy alliances, and now the push for energy portfolios with a variety of renewable sources. In the international arena we have seen economic strength usurp military strength as the rising power base to which organizations, such as the United Nations must learn to respond<sup>31</sup>. Pasmore<sup>32</sup> eloquently describes this phenomenon:

Most of the time, however, we manage as if change isn't happening or doesn't matter very much. We keep doing the same things we did yesterday, and when changes occur that force deviations from what we expect, we try to force thinking back into the old patterns again. We have a hard time admitting that change really is happening, and that it matters. Change that matters means that we have to change the way we do things, or the way we think about things, and that can be expensive or difficult.

We try to control change in order to control the cost of change or our fear of what is unknown. Formulating strategy has reflected this desire to control. Leaders

30. Fahey, L., & Randall, R. M. (Eds.). *Portable MBA in strategy*. New York: John Wiley & Sons. 1994.

31. Morgan, S. P. The United Nations' transition in the post cold war era: Time for change? Magyar, K. P. ed. In *United States Post-Cold War Defense Interests: A Review of the First Decade*. Palgrave Macmillan. 2004.

32. Pasmore, W.A. *Creating strategic change*. New York: John Wiley & Sons, Inc. 1994, p.3.



try to predict the future in order to prepare and plan for it. Strategy is being misused more and more as an attempt to control short-term activities and the long-term future so they fit existing products, services, and business practices. Organizations are focusing on becoming more productive with fewer resources and smaller staffs as an attempt to control their long-term future, actually avoiding strategy development and management. With the majority of companies rushing to downsize and very few organizations focusing on creating the markets and industries of tomorrow, it is clear that strategy has been in crisis<sup>33</sup>.

## Finding an Effective Approach to Strategy

The struggle with formulating and using strategy has borne two distinct approaches to strategy application. The first is the traditional approach of trying to predict the future, seeking to foresee how various forces in the organization's external environment are likely to drive and shape the market and then develop the appropriate strategic plan to prepare for these trends. The second approach seeks to invent the future and is based on the belief that the future is not something to be forecasted and predicted but to be created. This inventive approach to strategy focuses on selecting key industries in which an organization desires to be dominant, then finding the way to create dominance<sup>34</sup>. This latter approach, however, is given little attention as the traditional, predictive strategists try to use traditional cause and effect methods, such as downsizing, to cope with the nontraditional forces at work in the increasingly complex and variable business environment.

Both of these approaches seem to take a domineering or controlling approach to strategy. In both approaches to strategy, there is a static and linear plan of black and white thinking based on the theory of immediate cause and effect—to get to z, apply a through y. but what if other factors impacted your road to z? What if 1,2,3 intersected a,b,c? And what if the world of traditional strategic planning began to look like the world of Lewis Carroll's (1951) *Alice in Wonderland*, where nothing is as it seems? What if birth rates impacted your manufacturing firm and religious in-fighting in a small African country affected your chain of shopping mall jewelry stores in the mid-western United States? Does our current concept of strategic

management account for the seemingly illogical and interconnected world in which we find ourselves?

The key to effectively surmounting today's challenges and tomorrow's opportunities lies in developing a strategic plan that is actually an organizational strategy and implementation plan that draws upon on your organization's core competencies and communicates the long-term value you provide to your customers, no matter how the world may change.

The ancient Chinese strategist Sun Tzu, said<sup>35</sup>:

Know your enemy, know yourself, and your victory will not be threatened. Know the terrain, know the weather, and your victory will be complete.

Renewing the relationship between Strategic Planning and Leadership is designed to help leaders make their organizations victorious through an approach that can increase your ability to know the enemy (your competition for business, resources, market share etc.), yourselves (as leaders, as individuals, and as an organization), and the terrain/weather (the dynamic business environment, trends and events). This focus on knowing yourself, the enemy or competition, and the terrain permeates this renewed relationship leaders need to have with strategic planning. This approach involves a process that has been developed through years of research, field work, and experience in business. The process phases build on each other and are an integral part of your final results: the ability to develop a clear, singular, effective strategy and implementation plan that will allow leaders to lead their organizations to new levels of purpose, effectiveness, and competitive advantage. The process is a lesson in itself; which is as important, if not more so, than the resulting plan. It is this revised approach to strategic planning that is used in all types and all sizes of organizations, which is specifically designed to combat the uncertainty organizations are faced with today. Renewing leaders' relationship with strategic planning and reclaiming the rewards of their efforts involves the simple process of framing the future and finding their way to it!

My process is described below:

33. Hamael, G. & Prahalad, C.K. *Competing for the future*. Massachusetts: Harvard Business School.1994.

34. Raimond, P. Two styles of foresight: are we predicting the future or inventing it? *Long Range Planning*. 29 (2), 1996, pp. 208-214.

35. Tzu, Sun. *Op. cit.*, 1988, p.82.



## Framing the Future and Finding Your Way®

<b>Analyzing Strategic Knowledge Gaps</b> 	<p>The First Phase of the process is analyzing. In this phase, leaders gather all organizational knowledge of the terrain, determine critical success factors and look at driving forces. They then analyze gaps in the organization's strategic knowledge that must be closed prior to strategy development.</p>
<b>Preparing for Uncertainty</b> 	<p>The Second Phase of the process is preparing. Before leaders can develop an effective strategy they must address the systemic nature of the business environment and the organizations' relationships to it in order to close the gaps in their organization's understanding of the dynamic business environment and prepare scenarios of the future. This phase focuses on harnessing the chaos and complexity of the uncertain business environment for your organization's competitive advantage.</p>
<b>Developing Strategy</b> 	<p>The Third Phase of the process is developing. In order to develop an effective organizational strategy, leaders must identify key organizational competencies and long-term customer value; determine the strengths and weaknesses of your organization's offerings and your major competitors' offerings; determine strategic contingencies; choose your organizational strategy; and use your chosen strategy to focus your organization in a formal plan.</p>
<b>Testing Strategy</b> 	<p>The fourth phase of the process is testing. Before investing in your strategy's deployment, be sure the strategy you choose can withstand first contact with the competition. This phase tests your strategy and implementation plan in a safe, yet competitive simulation.</p>

This strategic planning process relies upon fundamental tenets of how people function as individuals and in groups, the nature of complex and chaotic systems, the strengths of having a strategic focus, and the philosophy of creating win-win outcomes.

Before you can even consider a new strategic planning process such as this one, however, you need to unlock the power of strategy for your organization.

## Unlocking the Power of Strategy

The power of strategy dates to the time before Christ was even born. The real power of strategy, which was discovered over two thousand years ago by the ancient Chinese Strategist, Sun Tzu is that strategy is not a plan! (1991, Wee, Lee, & Hidajat, trans; 1988, Cleary trans.) Strategy is *the one strength you choose to rely upon to win the relationship with your customer*. Whether you are developing organizational strategy, subunit strategy, market strategy, sales account strategy, product/service strategy, the definition is the same and the process for determining it is too!

My favorite question to ask organizational leaders and strategic planning participants is, "What makes a plan strategic?" I get all kinds of answers; but never the response for which I am looking. "Strategy" is what makes a plan strategic! I also ask everyone beginning a strategic planning session to define the following terms: Vision, Strategy, Goals, Mission, Objectives, and Tactics. These are the strategic planner's primary tools. I never cease to be amazed at how no two people ever have the same definition of these terms, in over twenty years of asking, and it is easy to imagine the impact this has on their organization's planning process and results.

Leaders need to reclaim the reward of consistent, reliable results that can only be achieved through precise, proven, tools and techniques for maximizing the effectiveness of their strategic planning. My analogy is simple; you can use a coin, a key, or a flat head screw driver to unscrew a Phillips head screw, but you have much more leverage when you use the appropriate tool to do it, which in this example is a Phillips head screwdriver! A strategic leader is all about leverage, so here is how to get new leverage from some very familiar tools. These are what I call the "Functional Definitions" of key strategic planning tools, which are also the building blocks of strategic management. These definitions have been refined through twenty years of application in every type of organization, every size of organization, and continuous, successful, integrated application. These functional definitions are designed to work together, increasing each other's ability to provide organizational leverage if used precisely in the described manner

## Vision

- › Definition: A long-term picture of the value your organization provides now and in the future from the customers point of view.
- › Example: *We will be known across the globe as the "Expediters" with our ability to speed up any mechanical process with our widgets.*

Vision statements that do not focus on the value the organization always wants to be able to provide customers/the world can never truly inspire.

## Strategy

- › Definition: The one thing you can rely upon to win which represents a unique and unchanging value.
- › Example: Speed  
*Our widgets make our customers' gadgets go faster.*

The human mind can only reliably remember one thing about your organization. What one thing do you want everyone inside and outside your organization to think of when they think of you?

## Mission

- › Definition: Who you are, what you do, for whom you do it.
- › Example: *At Wadget Co., our mission is to deliver widgets that increase the productivity of gadget holders worldwide.*

Why are you in business? This is a simple statement of fact to keep everyone reminded of your purpose.

## Goals

- › Definition: General “targets” that are stepping stones toward your vision.
- › Example: *To make our widgets more effective*
- › Example: *To increase employee satisfaction*

Very different from objectives, goals are the areas you are working on right now and may change over time.

## Objectives

- › Definition: Specific, measurable, achievable, realistic and time-bound activities that support your goals.
- › Example: *To increase widget – gadget connectivity 10% by March 31, 2012.*
- › Example: *To implement a 75% employee education reimbursement program by January 1, 2012.*

Objectives are how you actually achieve your goals and work toward your vision, relying upon your strategy. Each objective must have a single individual owner who is responsible for making sure the objective is completed on time. This is accountability in action and how what you do today can take you to a very specific tomorrow!

## Tactics

- › Definition: The steps you take to achieve your objectives.
- › Example: *Refine widget surface texture*
- › Example: *Increase employee productivity incentives*

Tactics are the every day activities that tie today to tomorrow. Here are the mundane tasks that have the power to create legends if these functional tools are applied as defined.

Of course “tactics” where many organizations begin, although some start with developing goals, objectives, and then tactics. However, if you don’t know where you are going, any road will take you there. Without the foundation of strategic knowledge, preparation for uncertainty, functional vision of the long-term future, competitive analysis, and clear, singular strategy, your goals, objectives, and tactics won’t take you very far. It is the thinking that goes into your planning process that allows these functional definitions to work and makes the difference in your future success.

## Conclusion

Using a unique and singular strategy to focus your organization is the beginning of a renewed relationship between Leadership and Strategic Planning and is a reliable way to reclaim the rewards of thinking more strategically. Being better able to develop and deploy an effective competitive strategy and implementation plan that can focus all organizational efforts, increase their organization’s return on investments as well as assets; eliminate wasted time, effort and resources; as well as differentiate your organization from its competition is a reward worth reclaiming. Strategic Planning and its new relationship with Leadership is how leaders can prepare for uncertainty and develop strategic contingencies as well.

Just because today’s business environment is very different from when most organizational leaders and educators honed their craft, and it will be substantially different in the future, if not tomorrow, does not mean competitive advantage is beyond your grasp. The growing disconnect between the characteristics of the complex and uncertain business environment and leaders’ perceptions of strategy and their role in developing and maintaining competitive advantage can be a thing of the past. A renewed relationship between leadership and strategic planning can help you increase market share in what seems to your competitors like the blink of an eye!

## References

- ALLAIRE, Y. & FIRSIROTU, M.E. Coping with strategic uncertainty. *Sloan Management Review*, 30(3), 1989, 7-16.
- BYARS, L.L. Strategic management formulation and implementation. New York: Harper Collins Publishers. 1991.
- DREW, D.M., & SNOW, D.M. Making strategy: An introduction to national security processes and problems. Maxwell Air Force Base, Alabama and Washington, DC: Air University Press. 1988.
- CARROLL, L. Alice in wonderland. New York: McMillan. 1866.
- CROSSAN, M.M. The improving organization: where planning meets opportunity. *Organizational Dynamics*. 24(4),1996, 20-35.
- DIFFENBACH, J. Corporate environmental analysis in large U.S. corporations. *Long Range Planning*, 16(3), 1983, 107-116.
- FAHEY, L., & RANDALL, R. M. (Eds.). Portable MBA in strategy. New York: John Wiley & Sons. 1994.
- FISHER, A.B. Is long-range planning worth it? *Fortune*. 121(9), 1990, 281-284.
- HAMAEL, G. & PRAHALAD, C.K. Competing for the future. Massachusetts: Harvard Business School. 1994.
- HENDERSON, B. D. The origin of strategy. In C. A. Montgomery & M. E. Porter (Eds.), *Strategy: Seeking and securing competitive advantage* (pp. 3-9). Boston: Harvard Business Review.1989.
- HESELBEIN, F. & GOLDSMITH, M.(Ed.) The organization of the future 2. San Francisco: Jossey-Bass.2009.
- HIGGINS, J.M. & VINCZE, J.W. Strategic management text and cases. Orlando, FL: Harcourt Brace Jovanovich College Publishers.1993.
- HUGHES, R., GINNETT, R., & CURPHY, G. Leadership: enhancing the lessins of experience (6<sup>th</sup> ed.). New York: Mcgraw-Hill/Irwin. 2009.
- KAUFMAN, R. Strategic planning and thinking alternative views. *Performance & Instruction*, 29(8), 1990 Sept., 1-7.
- KINNI, T. B. Strategic thinking: It depends on synthesis as opposed to analytic skills. *Industry Week*, 243(15), 1994, August 15. 47- 48.
- KOUZES, J.M. & POSNER, B.Z. The leadership challenge (4<sup>th</sup> ed.). San Francisco: John Wiley & Sons, Inc. 2007.
- MILES, R. E. and SNOW, C. C. Organizational strategy, structure, and process. New York: McGraw-Hill Book Co. 1978.
- MINTZBERG, H. Crafting strategy. In C. A. Montgomery & M. E. Porter (Eds.), *Strategy: Seeking and securing competitive advantage* (pp. 403 - 420). Boston: Harvard Business Review.1987.
- MINTZBERG, H. The rise and fall of strategic planning. New York: Free Press.1994.
- MORGAN, S. P. (2004) The united nations' transition in the post cold war era: Time for change? Magyar, K.P. ed. In *United States Post-Cold War Defense Interests: A Review of the First Decade*. Palgrave Macmillan.
- NADLER, D. A. Collaborative strategic thinking. *Planning Review*, 22(5), 1994 September 01, 30,31,44.
- OHMAE, K. The mind of the strategist: The art of Japanese business. New York: McGraw Hill. 1982.
- PASMORE, W.A. Creating strategic change. New York: John Wiley & Sons, Inc. 1994.
- RAIMOND, P. Two styles of foresight: are we predicting the future or inventing it? *Long Range Planning*. 29 2), 1996. 208- 214.
- SCHWARTZ, P. The art of the long view. New York: Doubleday. A visioning process for long range planning relying on scenario building. 1991.
- STACEY, R. D. Managing the unknowable. San Francisco: Jossey-Bass.1992.
- TZU, S. The art of war. (T. Cleary, Trans.). Boston: Shambhala. (Original work published in 1800). 1988.
- TZU, S. War & management. (Wee, Lee, & Hidajat, Trans). Reading, Massachusetts: Addison-Wesley Publishing Company. (Original work written century's before the birth of Christ). 1991.