

Quality Management Strategic Planning

Strategic Planning

- *Strategic Planning is the process of involving everyone in matching the vision, mission, and core values of an organization with the current situation to focus tactical activities now and in the future.*
 - Strategic plans set the direction and pace for the entire organization

Strategic Planning

- How do we know what is important?
- How do we do what we do?
- How will we do what we said we would do?
- How do we know we did what we said we would do?

Strategic Planning

- 1 Leadership
 - **2 Strategic Planning**
 - 3 Customer and Market Focus
 - 4 Measurement, Analysis, and Knowledge Management
 - 5 Workforce Focus
 - 6 Process Management
 - 7 Results
- Diagram illustrating the components of Strategic Planning and their relationship to two triads:
-
- ```
graph LR; L1[1 Leadership] --> LT[leadership triad]; L2[2 Strategic Planning] --> LT; L3[3 Customer and Market Focus] --> LT; L4[4 Measurement, Analysis, and Knowledge Management] --> RT[results triad]; L5[5 Workforce Focus] --> RT; L6[6 Process Management] --> RT;
```
- The 'leadership triad' is formed by items 1, 2, and 3. The 'results triad' is formed by items 4, 5, and 6. Item 7, 'Results', is the final outcome of the process.

# Strategic Planning

- 2.0 Strategic Planning
  - 2.1 Strategy Development
    - How do you develop your strategy?
      - Describe how your organization establishes its strategy and strategic objectives,
        - » including how you address your strategic challenges.
      - Summarize your organization's key strategic objectives and their related goals.

# Strategic Planning

- 2.0 Strategic Planning
  - 2.2 Strategy Deployment
    - How do you deploy your strategy?
      - Describe how your organization converts its strategic objectives into action plans.
      - Summarize your organization's action plans and related key performance measures and indicators.
      - Project your organization's performance on these key performance measures or indicators.

# Strategic Planning

- A strategic plan essentially describes
  - how a business is going to compete,
  - what its goals will be,
  - what policies will be needed to carry out those goals

# Strategic Planning

- The decision to compete as a world-class, effective, company requires taking a systematic look at an organization.
- Each part of the organization needs to be studied to see how each part interrelates to the whole system.



# Strategic Planning

- Levels of an organization:
  - Business
    - At this level, decisions affecting the direction of the organization take place
  - Operations
    - At this level, systems are put into place to translate the business direction into action.
  - Process
    - At this level, day-to-day activities take place to set the business direction into action.

# Strategic Planning

- Successful long-term strategic planning answers some basic questions:
  - What business are we really in?
    - From the customer's perspective, think broadly
  - What are our principal strengths and weaknesses for competing in this business, compared to what it takes to compete successfully?
    - What does it really take to compete in our business?
      - What are our ***critical success factors***?
  - What do we wish to become in the future?
    - What is our vision?

# Strategic Planning

- A strategic management system integrates processes for planning, deployment and implementation. Strategic planning provides direction to the organization. Two key outputs of a planning session are the vision, mission, and values statement; and the annual objectives and targets.
  - » Designing and Installing Effective Performance Measurement Systems, by Hacker and Brotherton

# Strategic Planning

- Corporate strategy is the pattern of decisions in a company that:
  - determines, shapes, and reveals its objectives, purposes, or goals;
  - produces the principal policies and plans for achieving these goals;
  - defines the business the company intends to be in, the kind of economic and human organization it intends to be, and the nature of the economic and non economic contribution it intends to make to its shareholders, employees, customers, and communities.

# Strategic Planning

- What is missing from most strategic management systems is not the planning aspect, but the implementation aspect. Implementation requires an effective measurement system to ensure that action and plans are appropriately linked to the objectives. Effective management systems require measurement systems that enable members of the organization to see where the company is and where it is going.
  - » Designing and Installing Effective Performance Measurement Systems, by Hacker and Brotherton

# Strategic Planning

- Strategic Plan Implementation:
  - As the plan is implemented, performance must be measured.
  - Need to analyze the gap between what is and what was planned (+ or -)
  - Must determine root cause of the gap
  - Must take corrective action to eliminate the root cause, narrow the gap (-), enhance the gap (+)

# Strategic Planning

- Strategy Deployment
  - 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.

# Strategic Planning

- Strategic Goal Deployment is:
  - A system for translating the organization's vision and objectives into actionable and measurable strategies throughout the company
    - What gets measured, gets done
  - Translating WHAT needs to be accomplished into HOW it will be accomplished.
    - Developing and implementing action plans supporting strategic goals.



# Strategic Planning

- Strategic Plans are the battle plans that enable an organization to accomplish its objectives.
- Strategic Plans allow leadership to put down in writing the direction the organization is heading and how it plans to get there.

# Strategic Planning

- Pitfalls of Strategy Planning and Implementation
  - proposing unbelievable vision
  - providing inadequate operating definition
  - not prioritizing projects
  - proceeding without resolving conflicting WHATs and HOWs
  - delegating both the WHATs and HOWs
  - not assigning responsibility for results
  - failing to measure the process and the results
  - implementing many disconnected measures or measures which are not visible
  - failing to complete PDSA

# Strategic Planning

- If good strategic planning is not practiced:
  - goals are not known throughout the company
  - goals change too often
  - goals are not achieved
  - goals are achieved without real improvement
  - progress is not sustained
  - there is organizational frustration
  - there is short-term achievement at the expense of long-term health

# Strategic Planning

- Creating Strategic Plans
  - Creating Alignment (policy deployment):
    - Are our activities critical to the mission of our organization?
    - How do we know?
      - **Critical Success Factors**

# Strategic Planning

- Too often management attempts to implement strategy by describing attitudes, however, management needs to take steps to influence the action employees take.
- Change happens only when people do things differently:
  - What gets measured, gets done !  
Berry

# Strategic Planning

- To make the transition between strategic planning and business planning, need to determine:
  - How to exploit strengths and minimize weaknesses
  - What the Critical Success Factors are
    - The 3-10 things that we absolutely must do well in order for our business to prosper
    - how we can close the gap
  - What are our contingency plans?

# Strategic Planning

- To make the transition between strategic planning and business planning, need to determine:
  - What are our midterm goals be in order to progress toward our long-term goals?
  - What will our annual objectives be in order to progress toward our midterm goals?
  - How will we measure success?
    - What are the critical success indicators?
  - How will we fund our activities in order to pursue our plan?

# Strategic Planning

- Following the development of the vision, the identification of the Critical Success Factors and the determination of major goals and objectives:
  - Each division (department) must determine what they will do to support these goals and objectives. (*Create alignment*)
  - Management must review the plans and *ensure alignment* with the company goals and objectives.



# Strategic Planning

- How are strategic plans created?
  - Preparation
    - The organization's business (What business are we really in?)
    - The principal findings from the internal and external assessments
      - Strengths and weaknesses
      - Customer information
      - Economic environment information
      - Competition information
      - Government requirements
      - Technological environment

# Strategic Planning

- How are strategic plans created?
  - Vision
  - Mission
  - Critical Success Factors
  - Goals
  - Objectives
  - Indicators
  - Contingency plans

# Strategic Planning

- How?

- Leadership

- Does the organization have the understanding, commitment and participation of our leadership in order to ensure the successful implementation of the strategic plan?
    - Has the leadership developed action plans to support the organization's key strategic objectives?
    - Is the leadership deploying the action plans laid out in the strategic plan?
    - How will the organization's leadership maintain effective communication?

# Strategic Planning

- How?

- Strategic Planning

- Has the organization converted the strategic objectives into deployable action plans?
    - Are these action plans supported by key performance measures?
    - Is there alignment between the strategic objectives, goals and action plans?
    - How will the strategic plan and its necessary actions be communicated to all levels of the organization?

# Strategic Planning

- How?

- Strategic Planning

- Does the strategic plan address the following issues:
      - customer and market needs, expectations, opportunities and requirements
      - the competitive environment
      - the organization's capabilities
      - technological changes
      - strengths and weaknesses
      - supplier and/or partner strengths and weaknesses
      - financial, environmental, societal or other potential issues

# Strategic Planning

- How?

- Customer and Market Focus

- Are the strategic objectives based on critical success factors as identified by customers?
    - How is this information integrated into the strategic plan?

# Strategic Planning

- How?

- Measurement, Analysis, and Knowledge Management

- How does the analysis and use of information support the strategic planning process?
    - What measures of performance are used?
    - How is feedback received concerning measures of performance?

# Strategic Planning

- How?

- Workforce Focus

- How do the organizational policies and reward systems support the strategic plan?
    - How will leadership maintain effective communication with all levels of the organization?
    - Do the action plans include a human resources component?
    - How is feedback utilized to adjust actions?



# Strategic Planning

- How?

- Process Management

- What is the organization's overall strategic planning process?
    - What are the key steps to the process? The key participants? The planning horizon?
    - How is this process improved from cycle to cycle?

# Strategic Planning

- How?

- Business Results

- How do measures of performance and key indicators established in the strategic plan help measure the success of the organization in terms of business results?
    - Does the organization's skill at managing key processes include utilizing employees skills, knowledge, and capabilities?
    - Have the changes made to employee policies improved business results?
    - Have employee policies, strategic planning and customer and market information been successfully integrated? Do the business results reflect this?