STATE OF THE ART REPORT

REINVENTING STRATEGIC PLANNING TO DELIVER CUSTOMER VALUE

The Top 12 Common Mistakes Most Organizations Make

Using “The Systems Thinking Approach®”
A GLOBAL ALLIANCE
OF
MASTER CONSULTANTS AND TRAINERS

FOUNDED 1990—OFFICES IN OVER 20 COUNTRIES

THE CENTRE’S GLOBAL MAP:
“We Are The World Leader in Strategic Management
Powered by Systems Thinking”
WHO IS STEVE HAINES?

STEVE HAINES
Founder & CEO:
- Centre for Strategic Management®
- Systems Thinking Press®

Founded in 1990—38 Offices—20 Countries

STEVE is a:
- “CEO—Entrepreneur—Global Strategist”
- “A Facilitator—Systems Thinker—Prolific Author”
  (of 12+ books)
- A graduate of the US NAVAL ACADEMY’s
  Legendary Leadership Class of 1968
This Report is the result of a blend of three fundamental sources:

1. The Strategic IQ Audits that the Haines Centre does

2. Our Interpretation and Translation of Others Best Practices Research (We do not do original research ourselves-rarely paid for)

3. Our consulting practices around the world in over 20 countries

What do these #s represent as the “Natural Way the World Works”?

26 13 12 10
4 3 2

THESE ARE THE UNIVERSAL ORGANIZING FRAMEWORKS OF OUR LIVES!!!
“EVERYTHING IS SIMPLE, YOU SEE
BUT
YOU JUST HAVE TO SEE IT”

KEYS:
1. Ask the #1 Systems Question: Clarity of Purpose/Goal?
2. One piece of paper documents
3. Rule of 3

CLARITY AND SIMPLICITY = SUCCESS
“I wouldn’t give a fig for the Simplicity this side of Complexity (Simplistic)
But
I’d give my life for the Simplicity on the far side of Complexity” (Elegant Simplicity)
--Justice Oliver Wendell Holmes

SIMPPLICITY AND GENIUS
“Any idiot can simplify by ignoring the complications
But
It takes real genius to simplify by including the complications”
--John Johnson (TEC Chair)
Great leaders know how to keep it simple . . .

"Great leaders are almost always great simplifiers, who can cut through argument, debate, and doubt to offer a solution everybody can understand."

- General Colin Powell
COMMON STRENGTHS OF MOST ORGANIZATIONS

1. Strategic Plan and Document itself
2. The focus on Goals (Different Names)
3. The Continuity of the process-year after year
5. The focus on Mission, Vision and Core Values
6. A detailed list of Annual Actions that underlie the Goals
7. The extensive use of Measures/Metrics-especially financial
8. A highly committed Strategic Planning staff

YET, WHY DO ABOUT 75% OF ALL MAJOR CHANGES FAIL??

These Strengths are “Necessary but not Sufficient for Success”
SINGLULAR PLANNING AND CHANGE EFFORTS FAIL

A SINGLE AND ONE TIME INTERVENTION WILL NOT CHANGE MUCH OF ANYTHING EXCEPT FOR ANOTHER SHORT TERM FIX

REAL CHANGE REQUIRES MULTIPLE STRATEGIES FOCUSED ON CLEAR OUTCOMES

OD Practitioner, May 2007
A NEW APPROACH PLANNING & CHANGE IS REQUIRED IN THE 21ST CENTURY

THE 21ST CENTURY MACRO BEST PRACTICE:

THINK DIFFERENTLY—THINK STRATEGICALLY

*Use The Systems Thinking Approach®*

LOOK FOR SYSTEMS SOLUTIONS TO SYSTEMS PROBLEMS
(Not Analytic & Piecemeal Solutions to Systems Problems)

CLARITY AND SIMPLICITY = SUCCESS
(Simplicity Wins the Game Every Time)

THIS IS WHAT THIS STATE OF THE ART REPORT IS ALL ABOUT
(So Do Not Take These Best Practices Separately)
LEADING STRATEGIC MANAGEMENT TO DELIVER CUSTOMER VALUE

A Yearly Strategic Management System and Cycle

Strategic Thinking

Strategic Planning

Strategic Change

The Systems Thinking Approach

VALUE
"IF NOTHING ELSE WORKS, THIS MAY BE A PERFECT OPPORTUNITY TO USE COMMON SENSE."
Is it:

- An event?
- A process?
- A change in our roles?
- A change in the way we run the business day-to-day?

*What's your belief? Why?*
WHAT ARE YOUR DESIRED OUTCOMES-RESULTS?

1. Higher Profits?  
2. Greater Revenue?  
3. Lower Costs/Decrease?  
4. Enhance Market Share?  
5. Drive Competitive Advantage?  
6. Increase Customer Service & Satisfaction?  
7. Deliver Better Customer Value  
8. Implement New Product/Service Offerings?  
9. Growing Community/Society Reputation  
10. Change the Employee Culture?  
11. Execute a Merger or Acquisition?  
12. Enhancing our Commitment to the Community  
13. Develop Strategic Alliances or Partnerships?  
14. Turn Around an Underperforming Business?  
15. Enhance safety?  
16. Protect and Enhance the Environment?  
17. Decrease Waste/Simplify your Bureaucracy?
What are the 3-5 most important Critical Issues facing you today as an organization regarding Strategic Planning?

1. 
2. 
3. 
4. 
5. 

If Strategic Planning & Change is going smoothly, we're doing something wrong (unless we have infinite resources).

Challenge the Obvious
FAILURE OF ENTERPRISE-WIDE STRATEGIC CHANGE

MAJOR CHANGE FAILS 75% OF THE TIME:

WHY?
STATE OF ART BEST PRACTICES: STRATEGIC PLANNING #1

PRACTICE #1

“Begin with the end in mind”—Stephen Covey

FAILURE TO CLARIFY THE FUTURE AND YOUR DESIRED OUTCOMES FIRST

#1 KEYS TO SUCCESSFUL ORGANIZATIONAL RESULTS

#1 DAILY QUESTION:

Always ask the #1 Systems Thinking question (over and over again):

- “What are our desired results?”
- “Begin with the end in mind.”
The Science of Living Systems

"The natural way the world works"

Backed by 50+ Years of Scientific Research
THE LAWS OF NATURE

Cycle of Productive Life

What Shall We Plant This Year?

What Shall We Plant Next Year?
Problems that are created by our current level of thinking can't be solved by that same level of thinking.

—Albert Einstein

So ...if we generally use analytical thinking, we now need real “Systems Thinking” to resolve our issues.

—Stephen G. Haines
THINK—PLAN—ACT—RESULTS

How you think
Is how you plan
Is how you act
And that
Determines the results you get in work and life
OUR COMPLEX WORLD TODAY!
"The Organization as a System"

How to Start Moving:

From: Chaos & Complexity

To: Elegant Simplicity
GET A HIGHER AND BROADER PERSPECTIVE

Take a Helicopter View of Life!
A SYSTEM DEFINED

A SYSTEM:

IS A SET OF PARTS OR COMPONENTS

THAT WORK TOGETHER

FOR THE OVERALL OBJECTIVES

OF THE WHOLE
HOW WOULD YOU DRAW A SYSTEM—ANY SYSTEM???
SIMPLICITY OF SYSTEMS THINKING

Which question goes where?
1. What do we do?
2. What do we achieve?

Which is:
The Means?
The Ends?

Where should you start your thinking and planning for Change?
SIMPPLICITY OF SYSTEMS THINKING

The Best, Most Holistic, Integrated, Organizing Framework There is!

INPUTS (Current State)

Energizing and Integrating Force

"THE SYSTEM"

OUTPUTS (Future State)

FEEDBACK LOOP

ENVIRONMENT

Phase A

Phase C

Phase D

Phase B

Phase E
Five Strategic Thinking Questions – In Sequence:

PHASE A: Where do we want to be?
PHASE B: How will we know when we get there?
PHASE C: Where are we now?
PHASE D: How do we get there?
PHASE E: Ongoing: What will/may change in your environment in the future?

vs. Analytic Thinking Which:

1. Starts with today and the current state, issues, and problems.
2. Breaks the issues and/or problems into their smallest components.
3. Solves each component separately (i.e., maximizes the solution).
4. Has no far-reaching vision or goal (just the absence of the problem).
STRATEGIC THINKING – ABCs TEMPLATE

“Clarify and Simplify Your Thinking” – About your Project

(Name of the Organization – Issue – Problem – Project – Change Effort, etc)

Current State Assessment: Where are you now?

C    Today’s Date

System Throughput/Processes: How do we get there (close the gap from)

D

A

Future Environmental Scan: What will be changing in your future environment that will affect us?

Future Date

E

Inputs (SWOT):

Current State Assessment: Where are you now?

Strengths

Weaknesses

Opportunities

Threats

Core Strategies:

Top Priority Actions:

Outputs/Outcomes:

Feedback Loop/ Key Success Measurements: How will we know when we get there?

Desired Outcomes - #1 System Question: Where do we want to be?
Give people the conceptual tools –
The integrated frameworks – models
to organize their evidence
– their experience – their learnings
Otherwise, adults do NOT learn best by doing things.
The BEST conceptual, integrated ORGANIZING FRAMEWORK that exists is The Systems Thinking Approach®

because

“It is the natural way the world works”

– The world is composed of living/human systems
FATHER OF SYSTEMS THINKING—LUDWIG von BERTALANFFY

1954-Society of General Systems Research—Three Nobel Prize Winners +LvB
Ken Boulding (Economics)—Anatol Rapoport (Math)—Ralph Gerard (Physiology)

Margaret Mead—Buckminster Fuller—James G. Miller
Abraham Maslow—Erik Erikson—Juan Piaget
Peter Drucker—Edward Deming—Russell Ackoff
Jay Forrester—Dick Beckhard—Steven Covey
Peter Senge—Margaret Wheatley—Barry Oshry—Steve Haines
STATE OF ART BEST PRACTICES: STRATEGIC PLANNING # 2

PRACTICE #2

MOS: “MORE OF THE SAME” = INSANITY

Due to lack of understanding of

a

Yearly Strategic Management System and Cycle
“If the rate of change on the outside exceeds the rate of change on the inside, the end is near.”

—Jack Welch
Former Chairman and CEO
General Electric Corporation
STRATEGIC PLANNING HAS BEEN REINVENTED:

IT IS NOW STRATEGIC CHANGE MANAGEMENT—FOUR COMPONENTS:

1. Planning
2. People
3. Leadership
4. Change

To Deliver Customer Value

SO...

Strategic Change Management is the new way—A yearly cycle on

How to ACHIEVE Business Excellence & Superior Results
THREE GOALS OF STRATEGIC MANAGEMENT

GOAL #1: DEVELOPING STRATEGIC, BUSINESS, AND ANNUAL PLANS (AND DOCUMENTS)

GOAL #2: ENSURING SUCCESSFUL IMPLEMENTATION (AND ENTERPRISE-WIDE CHANGE)

GOAL #3: BUILDING & SUSTAINING HIGH PERFORMANCE (YEAR AFTER YEAR)

THE DESIRED RESULTS: BUSINESS EXCELLENCE & SUPERIOR RESULTS (YEAR AFTER YEAR)
REINVENTING STRATEGIC MANAGEMENT
• Planning • People • Leadership • Change •

THE SYSTEMS THINKING APPROACH™ TO CREATING YOUR COMPETITIVE EDGE

1. PLAN-TO-PLAN

8. PLAN-TO-IMPLEMENT

C. INPUT

CURRENT STATE

D. PROCESSES

“STRATEGIC CHANGE MANAGEMENT”

A. OUTCOMES

FUTURE STATE

CUSTOMER VALUE

9. STRATEGY IMPLEMENTATION (AND ENTERPRISE-WIDE CHANGE)

10. ANNUAL STRATEGIC REVIEW (AND UPDATE)

7. ANNUAL PLANS/STRATEGIC BUDGETS

6. THREE-YEAR BUSINESS PLANS

5. STRATEGY DEVELOPMENT

• ALIGNMENT OF DELIVERY
• ATTUNEMENT OF PEOPLE

4. CURRENT STATE ASSESSMENT

3. KEY SUCCESS MEASURES/GOALS

B. FEEDBACK

PARALLEL PROCESS (With Key Stakeholders) @ Each Step

2. IDEAL FUTURE VISION

• ENV. SCAN

• VISION
• MISSION
• CORE VALUES
• POSITIONING
• RALLY CRY

E. FUTURE ENVIRONMENT SCAN

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"Thinking Backwards to the Future"
**First Quarter**

- Intense Energizing of Initiatives Across Businesses

- Corporate Executive Council: CEC at Crotonville
  - 35 Business and Senior Corporate Leaders
  - Early Learning?
  - Customer Reaction?
  - Initiative Resources Sufficient?
  - Business Management Course (BMC) Recommendations

- Anonymous Online CEO Survey: 11,000 Employees
  - Do you “Feel” Initiated Yet?
  - Do your customers feel it?
  - Sufficient Resources To Execute?
  - Messages Clear And Credible?

**Second Quarter**

- Leadership Performance Reviews at Business Locations:
  - All Business Staffs Initiative Leadership Review
  - Level of Commitment/Quality of Talent on Initiatives
  - Differentiation (20% / 70% / 10%)
  - Promote / Reward / Remove

- Corporate Executive Council: (CEC at Crotonville Locations:
  - 35 Business and Senior Corporate Leaders
  - Initiative Best Practices
  - Level of commitment/Rev. of Initiative Leadership
  - Customer Impact
  - Business Management Course (BMC) Recommendations

**Third Quarter**

- Corporate Executive Council: (CEC at Crotonville)
  - 35 business and Senior Corporate Leaders

- Business Management Course (BMC) Recommendations

- Clear Role Models Identified

- Outside Company Best Practices Presented

- Initiative Best Practices (All Businesses)

- Customer Impact of Initiatives

**Fourth Quarter**

- Operating Plans Presented:
  - All Business Leaders Initiatives Stretch Targets
  - Individual Business Operating Plans
  - Economic Outlook

- Corporate Officers Meeting: (Crotonville)
  - 150 Officers
  - Next-Year Operating Plan Focus
  - Role Models Present Initiative Successes
  - Executive Development Course (EDC) Recommendations
  - All Business Dialogues: What have we Learned?

- Informal Idea Exchanges at Corporate and Businesses

- Session 1: 3-Year Strategy
  - Economic / Competitive Environment
  - General Earnings Outlook
  - Initiatives Update/Strategy
  - Customer Impact
  - Initiative Resource Requirements

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**GENERAL ELECTRIC’S STRATEGIC MANAGEMENT SYSTEM**

**January**

Corporate Executive Council: (CEC at Crotonville)
- 35 business and Senior Corporate Leaders
- Agenda for Boca
- Individual Business Initiative Highlights
- Business Management (BCM) Course Recommendations

**February**

**March**

**April**

**May**

**June**

**July**

**August**

**September**

**October**

**November**

**December**
The Flywheel and The Rollercoaster

Strategic Management System and Yearly Cycle

(Planning – People – Leadership – Change – Customer Value)
THE SINGAPORE CITY-STATE
STRATEGIC MANAGEMENT SYSTEM

URBAN REDEVELOPMENT AUTHORITY (URA)

CONCEPT PLAN -1971/2001

LAND STRATEGIC MANAGEMENT SYSTEM

DEVELOPMENT CONTROL
-Formal Review 5 Years

DEVELOPMENT IMPLEMENTATION

MASTER PLAN -10 to 15 years

Supported by numerous Citizen involvement and Feedback
GAO SHARED BUSINESS MODEL
San Diego Police Dept’s
STRATEGIC MANAGEMENT ANNUAL CYCLE

Annual Strategic Planning Process

Environmental Scan

New F.Y. Priorities

Assess and Adapt as Needed

Ensure F.Y. Priorities Guide/Focus Strategies

Weekly CFC Discussion

Monthly Zoo Mgmt Meetings

Update Discussion by CO’s

Tri-Annual Report Out (TARO)

Support Goals and Long Term Projects

Preview of Planning Process

Finish Strong To Years End

Continue meetings, Stay focused

Annual Strategic Review

Look back at past year Celebrate Successes

Review Current Goals & Revise and/or Re-Commit!

YEARLY STRATEGIC MANAGEMENT CYCLE

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PHASE E: FUTURE ENVIRONMENTAL SCANNING
(Versus SWOT of Today)

“SKEPTIC” FRAMEWORK IS THE NEW STANDARD
I. Internal to the Organization/department (In Here)

- **Strengths**
  - "Build On"

- **Weaknesses**
  - "Eliminate/Cope"

II. External to the Organization/department
(In the environment – Out There)

- **Opportunities**
  - "Exploit"

- **Threats**
  - "Ease/Lower"
“The future is shaped by those who see the possibilities before they become obvious”

Straits Times
What are the 5-10 environmental trends – projections – opportunities – threats facing you over the life of your Plan?

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<th>Socio-Demographics (People/Society)</th>
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<td>Competition / Substitutes:</td>
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<td>Customer / Citizens:</td>
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### FUTURE ENVIRONMENTAL SCANNING TEAMS

FORM “SKEPTIC” TEAMS

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<thead>
<tr>
<th>Scanning Area</th>
<th>Senior Management Team Leader</th>
<th>Team Members (Max 6)</th>
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Goal: Quarterly one-page reports to the change leadership team by each team.
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<th>TODAY – IMPLICATIONS (Opportunities – Threats)</th>
<th>SPONSOR</th>
<th>SKEPTIC – FUTURE SCAN</th>
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<td>List the 5-10 environmental trends – projections</td>
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<td>Facing you over the life of your plan</td>
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PHASE A: IDEAL FUTURE VISION PLATITUDES:
(Form over Substance)

VISIONARY STATEMENT—VS. DETAILED BACK UP
“Provider of Choice”
“The best”
“World-Class”
“Best Value”
“Value Added”

MISSION STATEMENT:
Focus on Keeping it Short Vs. Meaningful:
1. Who?
2. What?
3. Why?
MISSION DEVELOPMENT TRIANGLE EXERCISE

1. Why We Exist?
(If not already in vision statement)
- Societal Need
- Stockholder/Stakeholder Need

2. Who We Serve
(As our customers)
- Geography
- Segments
- Names

3. What We Produce?
(As outcome benefits)
- Products
- Services
- Goods
- Uses

(Rallying Cry)
TIME FOR FORMAL QUESTIONS AND ANSWERS
1-2 MINUTES ONLY:

1-3 KEY LEARNINGS

HOW TO APPLY THEM IN YOUR CASE
THE DAY’S FEEDBACK AND EVALUATION

HOW DID TODAY GO??

1. CONTINUE?

2. MORE OF?

3. LESS OF?
SESSION TWO NEXT WEEK

IN BETWEEN: IF YOU WANT MORE DETAIL AND FREE ARTICLES
ON ANY OF THIS, GO TO www.HainesCentre.com
THANK YOU
FOR YOUR PARTICIPATION

Stephen Haines
Founder and CEO

Haines Centre for Strategic Management
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