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®”
REVIEW OF LAST SESSION
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)
STATE OF ART BEST PRACTICES: STRATEGIC PLANNING #1

“Begin with the end in mind”—Stephen Covey

FAILURE TO CLARIFY THE FUTURE AND YOUR DESIRED OUTCOMES FIRST
MOS: "MORE OF THE SAME" = INSANITY

Due to lack of understanding of
a
Yearly Strategic Management System and Cycle
STATE OF ART BEST PRACTICES:
STRATEGIC PLANNING # 3

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

“SKEPTIC” FRAMEWORK IS THE NEW STANDARD
STATE OF ART BEST PRACTICES:
STRATEGIC PLANNING # 4

PHASE A: IDEAL FUTURE VISION PLATITUDES:
(Form over Substance)

VISIONARY STATEMENT FLUFF—VS. DETAILED BACK UP

“Provider of Choice”
“The best”
“World-Class”
“Best Value”
“Value Added”

MISSION STATEMENT:
Wrong Focus on Keeping it Short Vs. Meaningful:
1. Who?
2. What?
3. Why?
SESSION TWO BEGINS:
STATE OF ART BEST PRACTICES:
STRATEGIC PLANNING # 5

MISSING AND MIS-UNDERSTOOD
“MARKETPLACE POSITIONING”
(The PhD of Strategy)

POSITIONING TERMINOLOGY VS. A STANDARD DEFINITION
CUSTOMER VALUE POSITIONING

POSITIONING IS CALLED MANY CONFUSING THINGS:

<table>
<thead>
<tr>
<th>Driving Force</th>
<th>Grand Strategy</th>
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<tbody>
<tr>
<td>Competitive Advantage</td>
<td>Competitive Edge</td>
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<tr>
<td>Strategic Intent</td>
<td>Image</td>
</tr>
<tr>
<td>Reputation</td>
<td>Brand Identity/Brand</td>
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<tr>
<td>STRATEGY</td>
<td>USP</td>
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<tr>
<td>MEGA STRATEGY</td>
<td>Value</td>
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<tr>
<td>Value Proposition</td>
<td>Identity</td>
</tr>
<tr>
<td>Market Leader</td>
<td>Value-Added</td>
</tr>
</tbody>
</table>
CUSTOMER VALUE POSITIONING

DEFINITION:
What is one thing that:

1. is unique, different and better about us
2. in the eyes of the customer
3. vs. the competition in the marketplace
4. that causes them to do business with us?

KISS: THIS IS NOT ROCKET SCIENCE
THE DILEMMA:
WHERE ARE YOU ON EACH STAR POSITIONING FACTOR?

1. UNIQUE-DIFFERENT & BETTER THAN ALL THE COMPETITION
   (YOUR COMPETITIVE ADVANTAGE AND POSITIONING IN THE MARKETPLACE)

2. COMPETITIVE VS. THE COMPETITION
   (COMPETITIVE IN THE MARKETPLACE)

3. NONCOMPETITIVE VS. THE COMPETITION
   (UNCOMPETITIVE IN THE MARKETPLACE)
WORLD-CLASS STAR POSITIONING

YOUR COMPETITIVE BUSINESS EDGE - “VALUE PROPOSITION”

C = Personal Choice

R = Responsiveness

S = Caring Service

T = Total Cost

Q = High Quality (Products & Services)

Customer

Service

CREATING CUSTOMER VALUE

Brand/Recognition/Positioning = Perceived Customer Value = \frac{Outputs}{Inputs} = \frac{What I Get}{What I Must Give} = Benefits
PHASE B: LINKING KEY SUCCESS MEASURES/GOALS:
TO THE VISION, CORE VALUES & POSITIONING
(Vs. Enshrining Activities)

BALANCED SCORECARD OR QUADRUPLE BOTTOM LINE
KEY VS. COMPREHENSIVE MEASURES

THESE ARE:

**KEY SUCCESS MEASURES (OUTCOMES/RESULTS)**
(STRATEGIC)

NOT

**COMPREHENSIVE ACTIVITY METRICS (DATA)**
(OPERATIONAL)

MEASURE TEN OR LESS KEY SUCCESS RESULTS—

THEN, REDUCE THIS TO YOUR THREE MOST IMPORTANT RESULTS

(BHAG)
The Systems Thinking Approach™ to Key Success Measures (KSMs)

1. Employees
   a. Operations
2. Customers
3. Stockholders (Owners)
4. Stakeholders (Community/Society)

Note:
The popular “Balanced Scorecard” concept is not a systems approach, but it covers some of the same KSM areas that we do, especially 1, 2, and 3.
### KEY SUCCESS MEASURES CONTINUOUS IMPROVEMENT MATRIX

(BACKWARDS THINKING)

KSM Overall Coordinator for Accountability is (Name/Title) ______________________

<table>
<thead>
<tr>
<th>KSM Areas (Headers)</th>
<th>Base Target 2006</th>
<th>Intermediate Targets</th>
<th>Target Goal 2011</th>
<th>Ultimate Target</th>
<th>Comp Benchmark</th>
<th>KSM Account</th>
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<tr>
<td>Specific Header:</td>
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<td>2007 2008 2009 2010</td>
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<td>Factors:</td>
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PHASE C: RITUALISTIC AND MEANINGLESS SWOT ANALYSIS
(Vs. a Rigorous, in Depth, Best Practices Audit)

1. Future Environmental Scan —a Systems View— For OT
   (Implications of the Scan vs. the Scan itself)

2. “Building on the Baldrige” —a Systems View— For SW
<table>
<thead>
<tr>
<th>TODAY – IMPLICATIONS</th>
<th>SPONSOR</th>
<th>SKEPTIC – FUTURE SCAN</th>
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<tbody>
<tr>
<td>(Opportunities – Threats)</td>
<td>List the 5-10 environmental trends – projections facing you over the life of your plan</td>
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<td><strong>S</strong> Socio-Demographics (People/Society):</td>
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<td><strong>K</strong> Competition/Substitutes:</td>
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<td><strong>E</strong> Economics:</td>
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<td><strong>P</strong> Political / Regulatory:</td>
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<td><strong>T</strong> Technical:</td>
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<td><strong>I</strong> Industry / Supplier:</td>
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<td><strong>C</strong> Customers/Citizens:</td>
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HOW TO CONDUCT THE STRENGTHS AND WEAKNESSES PART OF A SWOT?
**Enterprise-Wide Assessment**
through using **The Business Excellence Architecture**™

**Instructions:**
Please list each module's key strengths and weaknesses.

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<tr>
<th>Name of Organization</th>
<th>Date</th>
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STATE OF ART BEST PRACTICES:
STRATEGIC PLANNING # 8

PRACTICE #8

CONFUSION OF MEANS AND ENDS
(Regarding Goals, Objectives and Strategies)
SYSTEMS THINKING AND STRATEGIC THINKING:

**Inputs** ⇒ **Means** ⇒ **Ends**

**C** Inputs

Resources:
- People
- Money
- Equipment
- Materials
- Technology
- Information

**D** Means

Strategies
- Actions
- How To
- Behaviors
- Tasks
- Activities
- Tactics
- Work Plans
- Throughputs

**A** Ends

- Vision
- Mission/Purposes
- Values/Culture
- What
- Results
- Outputs
- Outcomes
- Goals
- Success Measures

**B**

Strategic Thinkers
Focus on the relationships between means and ends in their daily work.

“Begin with the End in Mind”
IMPORTANCE AND LACK OF SHARED CORE STRATEGIES
(As Department Goals for ALL Departments/Units)

Three Shared Documents—not Two
**SHARED VISION AND VALUES ARE KEY—IN ALL MGMT. BOOKS**

**HOWEVER, THERE IS A **THIRD** “SHARED” DOCUMENT**

**THAT IS KEY TO:**

1. **STRATEGIC THINKING ON A DAILY BASIS (EAB)**

2. **EXECUTING AND CASCADING YOUR POSITIONING**
** (DOWN AND ACROSS THE ENTIRE ENTERPRISE)**

3. **THE ONLY REASON FOR THE EXISTENCE OF YOUR ENTIRE**
** ORGANIZATIONAL CHART**

**WHAT IS IT?**
1. “The Business Glue”—of an organization is for employee teamwork. The Shared Vision is usually too high a level. It is Shared Strategies across all departments/units that is also needed.

2. “The Social Glue”—of an organization holds its culture together. It is the Values that guide behavior and “How we do things around here.”

“The Glue” is THE Decision Making Criteria:

a. Social = Shared Values = How to do it?

b. Business = Shared Strategies = What to do?
GAP ANALYSIS: “BRIDGING THE GAP”

Strategies and Priorities

The purpose of having strategies is
To keep yourself from being seduced By something that is “nice to do.”

1. Core Strategies – “Bridging the Gap”
2. Strategic Action Items for Next Year

Current State Assessment Today

Means ➔ ➔ ➔ ➔ Ends!

Ideal
Future Vision Year xxxx

Plus
Key Success Measures/Goals

Means
CORE STRATEGIES ARE LIKE THE WEBBING IN A CHAIR

“The Glue That Holds It All Together”

ENTERPRISE-WIDE DRIVERS:

1. CORE STRATEGIES ARE CROSS FUNCTIONAL
2. CORE STRATEGIES
3. CORE STRATEGIES
4. CORE STRATEGIES

FUNCTIONS - SILOS: Business Unit Drivers

A  B  C  D  E

CEO
STATE OF ART BEST PRACTICES: STRATEGIC PLANNING #10

FAILURE TO CASCADE STRATEGIC PLANS DOWN
(To Three-Year Business Plans for all Units/Departments)

1. Business Units (Line Organization)
2. MFAs (Major Functional Areas)
3. MPAs (Major Program Areas-public?)
Seven Levels of Living Systems on Earth

#1 Cell
#2 Organ
#3 Self
#4 Work Team
#5 Total Organization
#6 Society
#7 Earth
Nested and Interdependent Systems:
Systems within Systems within Systems

Boundaries and Inter-Connectedness:
Nothing exists in isolation—
Relationships are everything!
THE CASCADE OF PLANNING/CHANGE

LEADING TO ENTERPRISE-WIDE RESULTS

“Strategic Consistency And Operational Flexibility”


**“WORK PLAN” FORMAT**  
* (FOR FUNCTIONAL/DIVISION WORK PLANS)*

<table>
<thead>
<tr>
<th>Yearly Priority #</th>
<th>Action Items</th>
<th>Support/Resources Needed</th>
<th>Who is Responsible</th>
<th>Who else to Involve</th>
<th>When Done</th>
<th>How to Measure</th>
<th>Status</th>
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STATE OF ART BEST PRACTICES: STRATEGIC PLANNING # 11

FAILURE TO CASCADE PLANNING AND ACCOUNTABILITY
(To ALL Employees)

Performance Management System:

And the Recognition and Rewards System
The Cascade-Vertical Linkages

- **Organization-Wide Strategic Planning** (Executive Leadership)
- **Business Unit Operational Planning** (Business Unit Management)
- **Department/Team Planning** (Dept./Team Management)
- **Continuous Learning**
- **Individual Development Planning** (Individual "High-Performance Management")
- **Continuous Process Improvement**
Tied to Strategic Planning

Performance Appraisals — must be tied to support ... 

#1
Your organization's Core Strategies
(i.e., results)

#2
Your organization's Core Values
(i.e., behaviors)

and #3
Their own learning and growth
(i.e., career development)

If you are serious about your Strategic Plan Implementation
STATE OF ART BEST PRACTICES: STRATEGIC PLANNING # 12

LACK OF OWNERSHIP
(BY Senior and Middle Management)

TWO EXTREMES:
1. Private Sector—Low Involvement
2. Public Sector—Too much Involvement

When does Change begin?

What is the **PRIMARY** job of Leaders today?
THREE MAIN PREMISES

MAIN PREMISE #1
“PLANNING AND CHANGE ARE THE PRIMARY JOB OF LEADERS”

MAIN PREMISE #2
“PEOPLE SUPPORT WHAT THEY HELP CREATE”

MAIN PREMISE #3
USE SYSTEMS THINKING—FOCUS ON OUTCOMES—SERVE THE CUSTOMER!
### PLAN-TO-PLAN DAY OVERVIEW

<table>
<thead>
<tr>
<th>AM: EXECUTIVE BRIEFING:</th>
<th>TARGET AUDIENCE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Educating</td>
<td>Senior Management</td>
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<tr>
<td>2. Assessing</td>
<td>Senior Staff Support</td>
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<td>Board of Directors?</td>
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<td>Middle Management?</td>
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<td>Anyone is fine for AM</td>
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<tr>
<th>PM: PLAN-TO-PLAN TASKS</th>
<th>TARGET AUDIENCE:</th>
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<tr>
<td>3. Organizing</td>
<td>Senior Management</td>
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<tr>
<td>4. Tailoring</td>
<td>Senior Staff Support</td>
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</table>
STATE OF ART BEST PRACTICES:
NO #: JUST SIMPLICITY

CLARITY AND SIMPLICITY = SUCCESS
“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
SIMPPLICITY WINS THE GAME EVERY TIME:

ONE PIECE OF PAPER DOCUMENTS:

1. ABCs of Strategic Thinking Template
2. Strategic Plan Trifold
3. Annual Plan Priorities (Cheat-Sheet—To Do List)
4. Key Success Measures Matrix (Continuous Improvement—year/year)
5. Yearly Comprehensive Map of Implementation
SUMMARY:

THE STATE OF THE ART REPORT
CREATING CUSTOMER VALUE
A Totally Integrated Systems Solution

“A THREE-PART STRATEGIC MANAGEMENT SYSTEM”

Part I - Goal #1: 20% Effort: Cascade of Planning
Phases E-A-B-C: Develop Plans and Documents

Step #1
- Environ Scan
- Executive Briefing
- Support Cadre Training
- Enterprise Assesssmt

Steps #2-5
- Strategic Planning
- Customer-Focused
- Compet. Strategy
- Leader. Develop. System

Steps #6-7
- 3-Year Bus. Plans
- Annual Plans & Budgets
- Personal Ldr. Plans
- HR Mgmt System

Step #8
- EWC Game Plan
- Plan-to-Implemt.
- Capacity Building
- Blow-Out Bureauc. & Simplicity

Step #9
- CLT
- PMO
- Project Mgmt Teams
- Waves of Change
- Culture Change

Step #10
- Strategic IQ Audit
- Annual Strategic Review
- Capacity Building
- Creating Customer Value

Part II – Goal #2: 40% Effort: cascade of Change
Phase D: Ensure Successful Enterprise-Wide Change

SMART START: PLAN-TO-PLAN
STRATEGIC THINKING
BUSINESS & ANNUAL PLANS

SMART START: PLAN TO IMPLEMENT
ENTERPRISE WIDE CHANGE
SUSTAIN RESULTS

Goal# 3: 40% Effort: Year After Year
Phase E-A-B-C-D = Business Excellence

Superior Results
Recycle
STRATEGIC & SYSTEMS THINKING—A NEW WAY TO THINK

“Think Differently”

START THINKING ABOUT:

1. The Environment (E) (and opportunities)
2. The Outcomes (A) (and results)
3. The Future (A) (and direction)
4. The Feedback (B) (and learning)
5. The Goals (B) (and measures)
6. The Whole Organization (D) (and helicopters @ 5,000 feet)
7. The Relationships (D) (and patterns)
STOP THINKING JUST ABOUT:

1. Issues and Problems
2. Parts and Events
3. Boxes/Silos
4. Single Activities of Change
5. Defensiveness
6. Inputs and Resources
7. Separateness

*How we think ... is how we plan... is how we act*

*And that determines the results we get in work and life*
PRESENT LEARNINGS

CASE STUDY

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?
What we think, or what we know, or what we believe is, in the end, of little consequence.

The only consequence ... is... what we do!
THANK YOU
FOR YOUR PARTICIPATION

Stephen Haines
Founder and CEO
Haines Centre for Strategic Management