
Understand the strategic planning process

Find the answers to FAQs

By Doug Brown



Here are some of the frequently asked questions I have been asked about strategic planning:

- Why bother with strategic planning?
- Are there different types of planning models?
- What are the elements I should consider?
- Are there differences between vision and mission?
- What are the differences between the strategic plan, a business plan and an operating plan?
- How do I go about gathering the data so I'm not just guessing?
- What elements go into creating a marketing and sales plan?
- How important are metrics in a small business like mine?

In this article, I will answer these questions.

Why bother with strategic planning? Imagine trying to put together a jigsaw puzzle without seeing the picture on the box. Pretty difficult, isn't it? What if I told you there would not be any straight edges on the puzzle, and just to make it fun, I would include all kinds of pieces of the box that don't belong in the puzzle at all?

If your company or organization does not have a strategic plan or vision, then the above pretty much describes your company. Baseball legend Yogi Berra once said, "If you don't know where you are going, you will wind up somewhere else." What a simple statement, yet really quite profound.

If you don't know where you are driving your organization over the next few years, how can you expect to be

successful? There's a Biblical scripture that says, "Without vision, the people perish." That same principle holds true for businesses. Without vision or a strategic plan, how can you succeed? What then is your vision?

In discussions I've had with several CEOs, it's evident that businesses today are becoming "boundary-less." For instance, we used to know what a bank did or what a stock broker did, etc. However, all those defined lines have become quite blurred. We find that CEOs are spending more time "inventing" their business each day than they actually are "managing" it, because they are not clear about what they seek to create in the long term.

What they need is a strategic plan. It is the most important tool for laying the groundwork for a company's success. A well thought-out strategic plan can save thousands, if not millions, of dollars in missteps and false starts. In addition, it can prevent potential damage to an organization's reputation and image, which impacts both employee morale and customers' perception.

What most business leaders fail to appreciate, until they have developed a strategic plan, is that the thought process needed to create an executable strategic plan can be invaluable. In fact, the greatest value to develop a strategic plan may be the thought process the team goes through in an effort to generate it. Continuing to go through that exercise on a regular basis is the value they bring to the organization. A quality strategic plan itself, is not the entire job, but is the manifestation of a team that did the job well.

Are there different types of planning models? The following four models describe different approaches to the planning process and the consequences of each:

- **Reactive planning.** This method looks to the past for insight as to what worked previously. The result is an attempt to simply recreate the good old days.

- **Inactive planning.** This method maintains the status quo, and has given rise to the notion: "If you do the things you've always done, you'll get the results you've always gotten." Today's economy

demonstrates that is no longer true. In fact, the First Rule of Holes is "When you're in one, quit digging!"

- **Proactive planning.** This method looks to the future, believing it will be an extension of the past, commonly referred to as forecasting. We know how well intended, but inaccurate forecasts usually are.

- **Interactive planning.** This method requires us to step into the future and invent it to our liking. We, then look backwards to today to figure out what we must do to make the future happen. This results in our not only creating, but better controlling our destiny.

A word of caution: Don't try to rush through a strategic planning process artificially. You will likely make the mistake of skipping steps on your way to a flawed end product. It's difficult to say in advance, how long the process will take. It's the difference between watching a baseball game versus a football game. A football game usually begins at 1 p.m. and is over by about 4 p.m. A baseball game sometimes takes nine innings and is played in three hours. Sometimes nine inning games take five hours. Sometimes baseball games take 15 innings and are played in seven hours. If there are a lot of strikeouts, fly balls, or if little hitting occurs, it can go very quickly. On the other hand, if there are many hits and/or walks, it can take much longer. The bottom line is it's over when it's over, and a winner emerges.

What are the elements I should consider? I recommend that the following elements be created or reviewed as part of the overall process:

- a vision statement;
- a hierarchy of values by which you are willing to operate;
- an external assessment that looks at the marketplace through the vision as a lens, including determining customer segments and trends;
- an internal appraisal that takes a hard look at customer value provided, organizational strengths, weaknesses, opportunities and threats and organizational structure issues;
- a business plan section that includes the shorter term mission statement; critical goals categories or critical success factors; goals; action

plans; and accountability;

- a marketing and sales plan, which includes the target markets and sales tactics;

- the financials, which includes the profit and loss forecasts, capital and financing considerations; and
- the creation of a business dashboard that captures the right metrics to watch on an ongoing basis.


Are there differences between vision and mission? While some planners will call them the same thing (i.e., both are treated as timeless statements, which can be true over a long period of time), I prefer to use vision as the enduring statement and mission to describe what you will do in a defined short- to medium-range planning period. In my experience, you know you are making progress toward your vision when you successfully and successively achieve your 18-36 month missions.

What are the differences between the strategic plan, a business plan and an operating plan? A strategic planning process is designed to take a fresh look at the entire business and, in some cases, "reinvent" what the organization's future is going to look like. It typically involves challenging relevance of any existing vision statement down through the internal and external appraisals. The business plan begins at the 18-36 month mission statement level and goes down through the marketing, sales and financial metrics. The operating plan or annual plan is usually for determining what is expected to be achieved a 12-month period.

How do I go about gathering the data so I'm not just guessing? I encourage clients to seek the advice of their CPAs, bankers, carrier representatives who work with their peers, PIA, and agency owners in other parts of the country so that there is no perceived concern about overlapping competition.

What elements go into creating a marketing and sales plan? I encourage clients to examine segmentation decisions for additional opportunities, examine marketing communications strategies and tactics, determine sales strategies to employ, and examine the

customer/client service structure and function.

How important are metrics in a small business like mine? Many owners operate under the following assumption: "I'm too small to have to measure things." They are either doing themselves a huge disservice or simply are being lazy. But, if you wouldn't remove your speedometer from your car, or your thermometer from your home or office, don't remove numbers tracking them from your business life either. At the minimum, have metrics in the financial area, the management area, the customer/insured area, and the innovation and growth area. It is widely known that when things are measured, things improve and when things are measured and reported on, things improve faster. 

Brown is CEO and chairman of Paradigm Associates LLC. Paradigm Associates LLC is headquartered in Cranford, N.J., which has locations throughout the U.S. Paradigm provides both agencies and carriers with strategic, executive and sales development processes. Visit www.ParadigmAssociates.US, or call (908) 276-4547 for more information.

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