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4-Phase Guide to Strategic Planning Process Basics

27-35 minutes

Welcome Strategic Planner!

To assist you throughout your planning process, we have created a how-to guide on The Basics of Strategic Planning which will take you through the planning process step-by-step and keep you on track.

[GET THE FREE GUIDE](#)

Overview of the complete process:



Forecast: Develop a 3-year financial projection.

OnStrategy

Getting Started: Introduction

The strategic management process is about getting from Point A to Point B more effectively, efficiently, and enjoying the journey and learning from it. Part of that journey is the strategy and part of it is execution. Having a good strategy dictates “how” you travel the road you have selected and effective execution makes sure you are checking in along the way. On average, this process can take between three and four months. However no one organization is alike and you may decide to fast track your process or slow it down. Move at a pace that works best for you and your team and leverage this as a resource. For more of a deep dive look into each part of the planning phase, you will see a link to the detailed How-To Guide at the top of each phase.

Phase Duration

1-2 weeks (1 hr meeting with Owner/CEO, Strategy Director and Facilitator (if necessary) to discuss information collected and direction for the continued strategic planning.)

Questions to Ask:

- Who is on your Planning Team?
- Who will be the business process owner (Strategy Director) of strategic planning in your organization?
- Fast forward 12 months from now, what do you want to see

differently in your organization as a result of embarking on this initiative?

Outcome:

- Planning team members are informed of their roles and responsibilities.
- Planning schedule is established.
- Existing planning information and secondary data collected.

Action Grid:

Action	Who is Involved	Tools & Techniques	Estimated Duration
Determine organizational readiness	Owner/CEO, Strategy Director	Readiness assessment	
Establish your strategic planning team and schedule	Owner/CEO, Strategic Planning Leader		Kick-Off Meeting: 1 hr
Collect and review information to help make the upcoming strategic decisions	Planning Team and Executive Team		Data Review Meeting: 2 h

*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](#).

Step 1: Determine Organizational Readiness

Set up Your Planning Process for Success – Questions to Ask:

- Are the conditions and criteria for successful planning in place at the current time? Can certain pitfalls be avoided?
- Is this the appropriate time for your organization to initiate a planning process? Yes or no? If no, where do you go from here?

Step 2: Develop Your Team & Schedule

Who is going to be on your strategic planning team? You need to choose someone to oversee the implementation (Chief Strategy Officer or Strategy Director) and then you need some of the key individuals and decision makers for this team. It should be a small group of approximately 12-15 persons.

OnStrategy is the leader in strategic planning and performance management. Our cloud-based software and hands-on services closes the gap between strategy and execution. Learn more about OnStrategy [here](#).

Step 3: Collect Current Data

Collect the following information on your organization:

- The last strategic plan, even if it is not current
- Mission statement, vision statement, values statement
- Business plan
- Financial records for the last few years
- Marketing plan
- Other information, such as last year's SWOT, sales figures and projections

Step 4: Review collected data:

Review the data collected in the last action with your strategy director and facilitator.

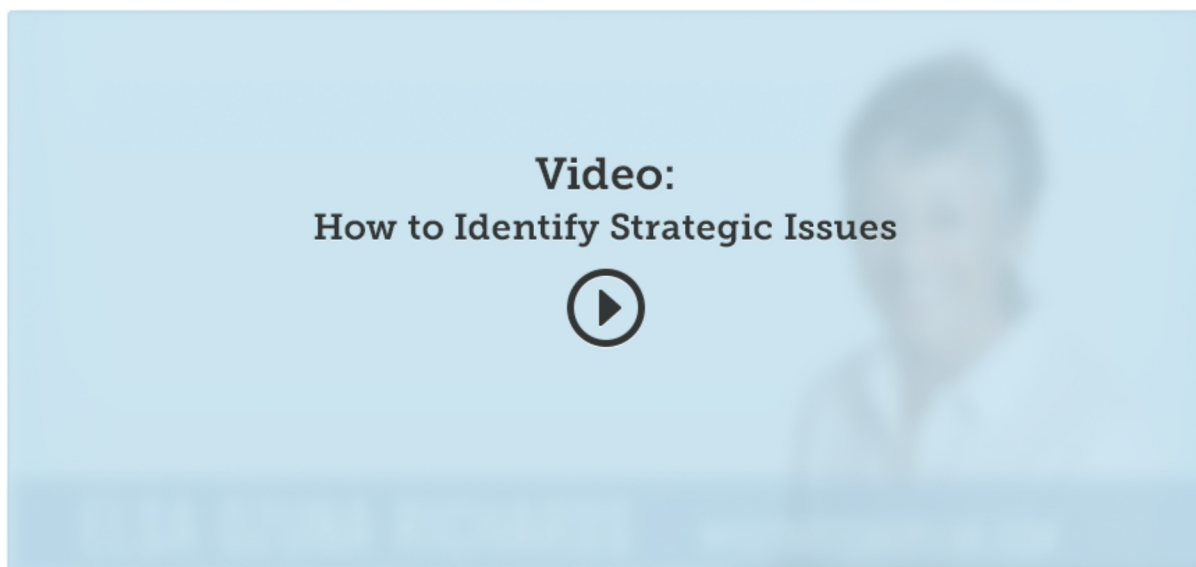
- What trends do you see?
- Are there areas of obvious weakness or strengths?
- Have you been following a plan or have you just been going along with the market?

Conclusion:



A strategic plan needs to be adaptive to survive changing or unanticipated conditions. An organization that develops and executes a strategic

plan gains significantly from the experience, and starting with a working model and then building a tangible plan can be more successful for your organization than having no plan at all. Over the life of your strategic plan, you may discover that some of the underlying assumptions of your strategy are flawed or incomplete. Often your organization's mission and vision may remain the same while your objectives and goals will need to be revised or updated. When this happens, you will need to either adapt your strategy or begin the process over again. But don't let it be a pitfall for you. Some organizations can maintain a strategic plan for a year or longer, while others have to respond to market changes more frequently. Whatever your situation, just be prepared to let go and switch strategies as necessary. Corrective action needs to be taken quickly to compensate for the dynamic business environment most organizations operate within.



Phase 1: Determine Your Strategic Position

Want More? Deep Dive Into the “[Evaluate Your Strategic Position](#)” How-To Guide.

Action Grid

Action	Who is Involved	Tools & Techniques	Estimated Duration
Conduct a scan of macro and micro trends in your environment and industry (Environmental Scan)	Executive Team and Planning Team	<ul style="list-style-type: none"> Environmental scan worksheet 	2 – 3 weeks
Identify market and competitive opportunities and threats	Executive Team and Planning Team	<ul style="list-style-type: none"> Web research Trade shows Industry reports 	2 – 3 weeks
Clarify target customers and your value proposition	Marketing team, sales force, and customers	<ul style="list-style-type: none"> Customer survey / feedback Customer worksheet 	2 – 3 weeks
Gather and review staff and partner feedback to determine strengths and weaknesses	All Staff	<ul style="list-style-type: none"> Employee survey / feedback 	2 – 3 weeks
Synthesize into a SWOT	Executive Team and Strategic Planning	<ul style="list-style-type: none"> SWOT worksheet 	Strategic Position
Solidify your competitive		<ul style="list-style-type: none"> Positioning Map 	Meeting: 2-4 hours

advantages based on your key strengths

Leader

- Opportunity Analysis

*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](#).

Step 1: Identify Strategic Issues

Strategic issues are critical unknowns that are driving you to embark on a strategic planning process now. These issues can be problems, opportunities, market shifts or anything else that is keeping you awake at night and begging for a solution or decision.

Questions to Ask:

- How will we grow, stabilize, or retrench in order to sustain our organization into the future?
- How will we diversify our revenue to reduce our dependence on a major customer?
- What must we do to improve our cost structure and stay competitive?
- How and where must we innovate our products and services?

Step 2: Conduct an Environmental Scan

Conducting an environmental scan will help you understand your operating environment. An environmental scan is also referred to as a PEST analysis, which is an acronym for Political, Economic, Social and Technological trends. Sometimes it is helpful to also include Ecological and Legal trends as well. All of these trends play a part in determining the overall business environment.

Step 3: Conduct a Competitive Analysis

The reason to do a competitive analysis is to assess the opportunities and threats that may occur from those organizations competing for the same business you are. You need to have an understanding of what your competitors are or aren't offering your potential customers. Here are a few other key ways a competitive analysis fits into strategic planning:

- To help you assess whether your competitive advantage is really an advantage.
- To understand what your competitors' current and future strategies are so you can plan accordingly.
- To provide information that will help you evaluate your strategic decisions against what your competitors may or may not be doing.

Learn more on how to conduct a [competitive analysis here](#).

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Download the Complete Guide to Strategic Planning today.

We never share your info. View our [policy](#).

Step 4: Identify Opportunities and Threats

Opportunities are situations that exist but must be acted on if the business is to benefit from them.

What do you want to capitalize on?

Questions to Ask:

- What new needs of customers could you meet?
- What are the economic trends that benefit you?
- What are the emerging political and social opportunities?
- What niches have your competitors missed?

Threats refer to external conditions or barriers that may prevent a company from reaching its objectives.

What do you need to mitigate?

Questions to Answer:

- What are the negative economic trends?
- What are the negative political and social trends?
- Where are competitors about to bite you?
- Where are you vulnerable?

Step 5: Identify Strengths and Weaknesses

Strengths refer to what your company does well.

What do you want to build on?

Questions to Ask:

- What do you do well (in sales, marketing, operations, management)?
- What are your core competencies?
- What differentiates you from your competitors?

- Why do your customers buy from you?

Weaknesses refer to any limitations a company faces in developing or implementing a strategy.

What do you need to shore up?

Questions to Answer:

- Where do you lack resources?
- What can you do better?
- Where are you losing money?
- In what areas do your competitors have an edge?

Step 6: Customer Segments



Customer segmentation defines the different groups of people or organizations a company aims to reach or serve.

Who are we providing value to?

Questions to Ask:

- What needs or wants define your ideal customer?
- What characteristics describe your typical customer?
- Can you sort your customers into different profiles using their needs, wants and characteristics?
- Can you reach this segment through clear communication channels?

Step 7: Develop Your SWOT



A SWOT analysis is a quick way of examining your organization by looking at the **internal** strengths and weaknesses in relation to the **external** opportunities and threats. By creating a SWOT analysis, you can see all the important factors affecting your organization together in one place. It's easy to read, easy to communicate, and easy to create. Take the Strengths, Weaknesses, Opportunities and Threats you developed earlier, review, prioritize and combine like terms. The SWOT analysis helps you ask, and answer, the following questions: "How do you...."

- Build on your strengths
- Shore up your weaknesses
- Capitalize on your opportunities
- Manage your threats



Phase 2: Developing Strategy

Want More? Deep Dive Into the [“Developing Your Strategy”](#) How-To Guide.

Action Grid

Action	Who is Involved	Tools & Techniques	Estimated Duration
Determine your primary business, business model and organizational purpose (mission)	Planning Team (All staff if doing a survey)	<ul style="list-style-type: none"> • Executive interviews • Qualitative strategic survey of selected staff or all staff 	2 weeks (gather data, review and hold a mini-retreat with Planning Team)

*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](#).

Step 1: Develop Your Mission Statement

The mission statement describes an organization’s purpose or reason for existing.

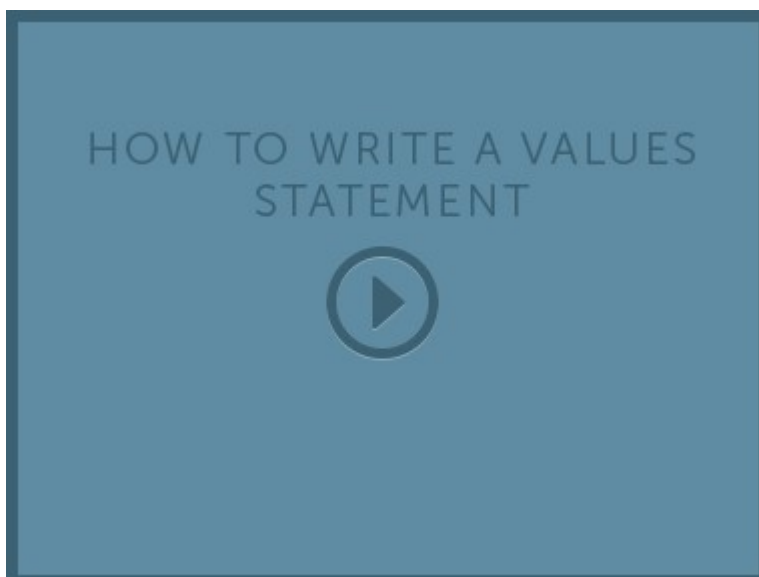
What is our purpose? Why do we exist? What do we do?

Questions to Ask:

- What does your organization intend to accomplish?
- Why do you work here? Why is it special to work here?
- What would happen if we were not here?

Outcome: A short, concise, concrete statement that clearly defines the scope of the organization.

Step 2: Discover Your Values



Your values statement clarifies what your organization stands for, believes in and the behaviors you expect to see as a result.

How will we behave?

Questions to Ask:

- What are the key non-negotiables that are critical to the success of the company?
- What are the guiding principles that are core to how we operate in this organization?
- What behaviors do you expect to see?
- If the circumstances changed and penalized us for holding this core value, would we still keep it?

Outcome: Short list of 5-7 core values.

Step 3: Casting Your Vision Statement



A Vision Statement defines your desired future state and provides

direction for where we are going as an organization.

Where are we going?

Questions to Ask:

- What will our organization look like 5–10 years from now?
- What does success look like?
- What are we aspiring to achieve?
- What mountain are you climbing and why?

Outcome: A picture of the future.

Step 4: Identify Your Competitive Advantages



A Competitive Advantage is a characteristic(s) of an organization that allows it to meet their customer's need(s) better than their competition can.

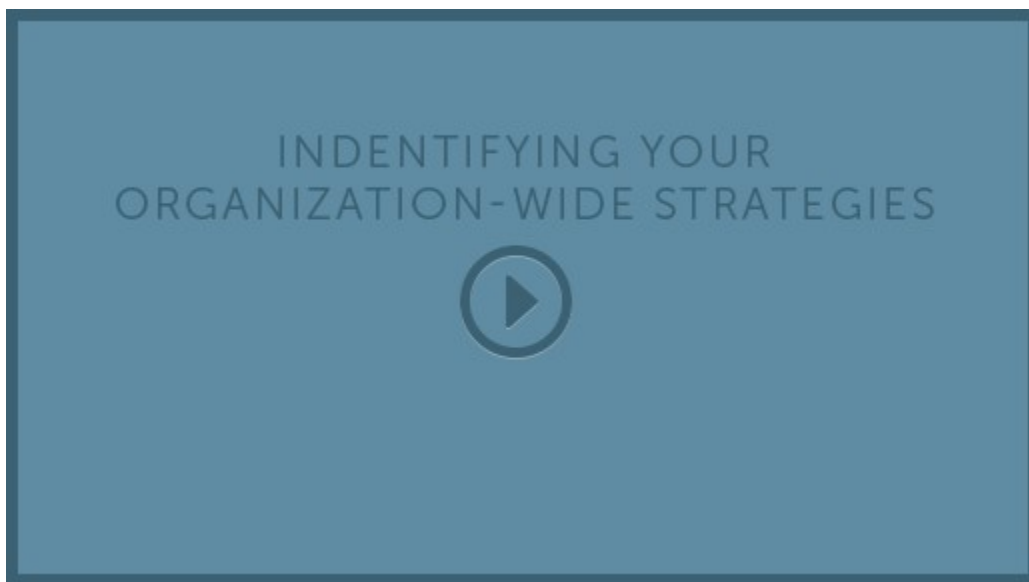
What are we best at?

Questions to Ask:

- What are your unique strengths?
- What are you best at in your market?
- Do your customers still value what is being delivered? Ask them.
- How do your value propositions stack up in the marketplace?

Outcome: A list of 2 or 3 items that honestly express the organization's foundation for winning.

Step 5: Crafting Your Organization-Wide Strategies



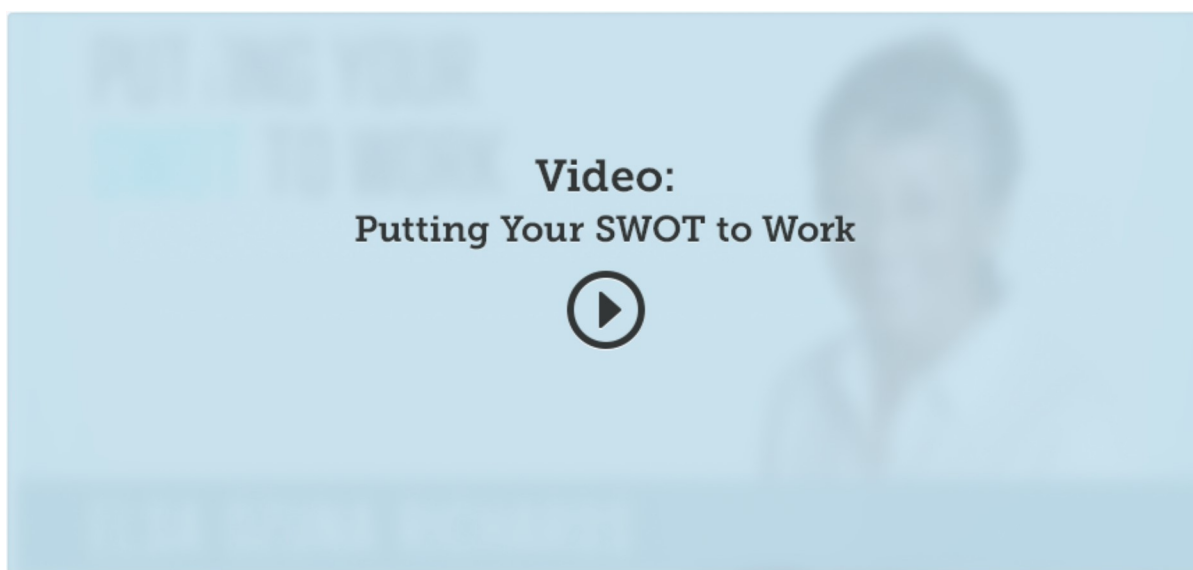
Your strategies are the general methods you intend to use to reach your vision. No matter what the level, a strategy answers the question “how.”

How will we succeed?

Questions to Ask:

- Is your market or industry target broad or narrow?
- Broad: market scope; a relatively wide market emphasis.
- Narrow: limited to only one or few segments in the market
- Does your competitive position focus on lowest total cost or product/service differentiation or both?

Outcome: Establish the general, umbrella methods you intend to use to reach your vision.



Phase 3: Strategic Plan Development

Want More? Deep Dive Into the [“Build Your Plan”](#) How-To Guide.

Action Grid

Action	Who is Involved	Tools & Techniques	Estimated Duration
Develop your strategic framework and define long-term strategic	Executive Team Planning	Strategy Comparison Chart Strategy	Leadership Offsite: 1 – 2 days

objectives/priorities	Team	Map	
Set short-term SMART organizational goals and measures	Executive Team Planning Team	Strategy Comparison Chart Strategy Map	Leadership Offsite: 1 – 2 days
Select which measures will be your key performance indicators	Executive Team and Strategic Director	Strategy Map	Follow Up Offsite Meeting: 2-4 hours

*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](#).

Step 1: Use Your SWOT to Set Priorities

If your team wants to take the next step in the SWOT analysis, apply the TOWS Strategic Alternatives Matrix to help you think about the options that you could pursue. To do this, match external opportunities and threats with your internal strengths and weaknesses, as illustrated in the matrix below:

TOWS Strategic Alternatives Matrix

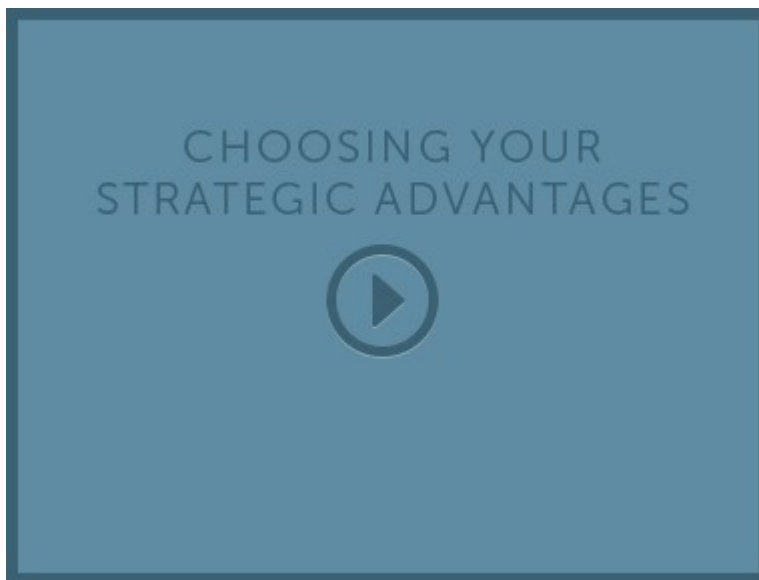
	External Opportunities (O)	External Threats (T)
Internal Strengths (S)	SO Advantage <i>Strategies:</i> Strategies that use strengths to maximize opportunities.	ST Protective <i>Strategies:</i> Strategies that use strengths to minimize threats.

	WO <i>Conversion</i>	WT <i>Defensive</i>
Internal Weaknesses (W)	<i>Strategies:</i> Strategies that minimize weaknesses by taking advantage of opportunities.	<i>Strategies:</i> Strategies that minimize weaknesses and avoid threats.

*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](#).

Evaluate the options you’ve generated, and identify the ones that give the greatest benefit, and that best achieve the mission and vision of your organization. Add these to the other strategic options that you’re considering.

Step 2: Define Long-Term Strategic Objectives



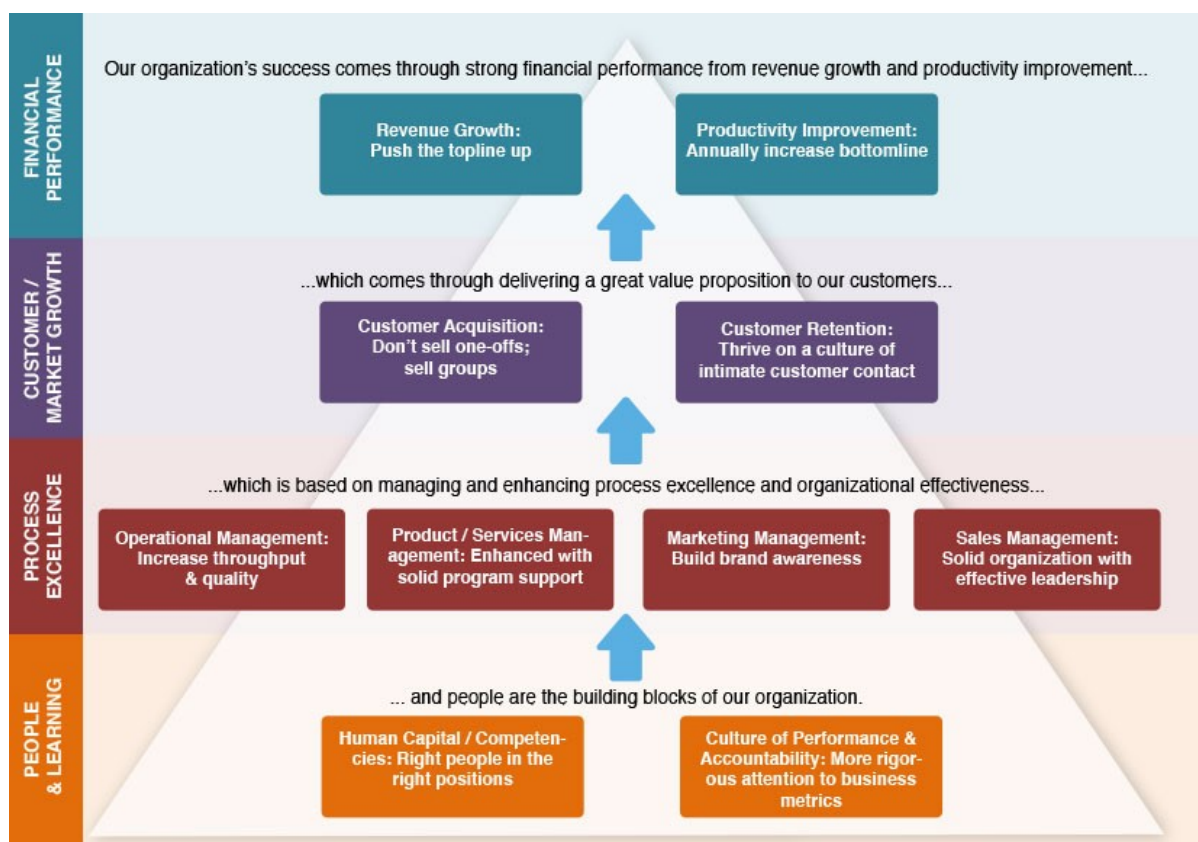
Long-Term Strategic Objectives are long-term, broad, continuous statements that holistically address all areas of your organization.

What must we focus on to achieve our vision? What are the “big rocks”?

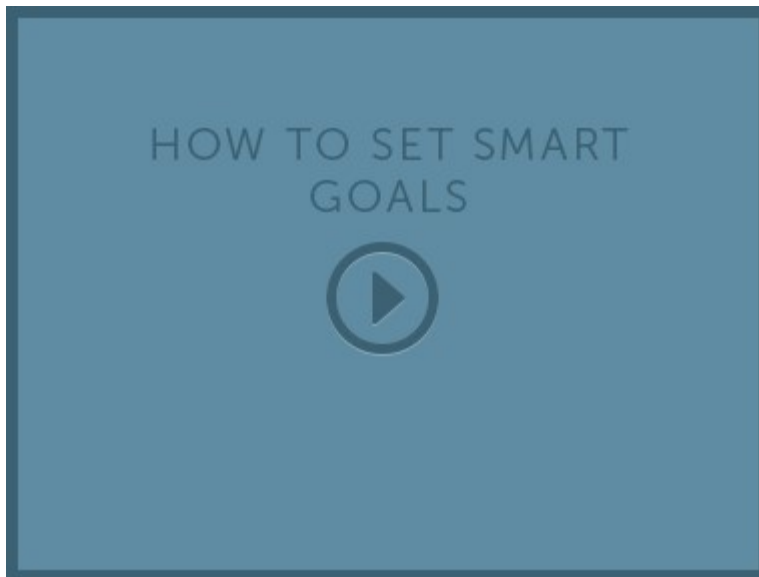
Questions to ask:

- What are our shareholders or stakeholders expectations for our financial performance or social outcomes?
- To reach our outcomes, what value must we provide to our customers? What is our value proposition?
- To provide value, what process must we excel at to deliver our products and services?
- To drive our processes, what skills, capabilities and organizational structure must we have?

Outcome: Framework for your plan – no more than 6



Step 3: Setting Organization-Wide Goals and Measures



Once you have formulated your strategic objectives, you should translate them into goals and measures that can be clearly communicated to your planning team (team leaders and/or team members). You want to set goals that convert the strategic objectives into specific performance targets. Effective goals clearly state what, when, how, and who, and they are specifically measurable. They should address what you need to do in the short-term (think 1-3 years) to achieve your strategic objectives. Organization-wide goals are annual statements that are specific, measurable, attainable, responsible and time bound. These are outcome statements expressing a result expected in the organization.

What is most important right now to reach our long-term objectives?

Outcome: Clear outcomes for the current year.

Overall strategy: Leverage current resources to gain market share.

Long-Term Strategic Objectives	1-Year Goals	Measures	Targets	Person Responsible
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Financial					
Establish a financially stable and profitable company.	1	Increase our billable hours by 10% over the next 12 months.	# of billable hours	1.2% increase each month	
	2	Achieve sales growth of 10% per year.	Monthly sales	1.2% increase each month	
Customer					
Introduce current products to two new markets.	1	Realize 10% of the company's annual sales from the small business market by end of next year.	# of small business clients	100 clients	Marketing department
Internal Business Processes					
Achieve order fulfillment excellence through on-line process improvement.	1	Reduce the time lapse between order data and delivery from 6 days to 4 days by this June.	# of days to process each order	4 days	Shipping department
	2	Reduce the number of returns due to shipping errors from 3% to 2%.	# of returns due to shipping errors	2%	Shipping department
Employees & Learning					
Provide employees with challenging and rewarding work.	1	Reduce turnover among sales managers by 10% by the end of the year.	Employee turnover	10%	Sales department
	2	Hire and train a human relations director by the end of the year.	Director hired	achievement	CEO

Step 4: Select KPIs



Key Performance Indicators (KPI) are the key measures that will have the most impact in moving your organization forward. We recommend you guide your organization with measures that matter.

How will we measure our success?

Outcome: 5-7 measures that help you keep the pulse on your performance. When selecting your Key Performance Indicators, begin by asking “What are the key performance measures we need to track in order to monitor if we are achieving our goals?” These KPIs include the key goals that you want to measure that will have the most impact in moving your organization forward.

Step 5: Cascade Your Strategies to Operations



Cascading action items and to-dos for each short-term goal is where the rubber meets the road – literally. Moving from big ideas to action happens when strategy is translated from the organizational level to the individual. Here we widen the circle of the people who are involved in the planning as functional area managers and individual contributors develop their short-term goals

and actions to support the organizational direction. But before you take that action, determine if you are going to develop a set of plans that cascade directly from the strategic plan, or instead if you have existing operational, business or account plans that should be synced up with organizational goals. A pitfall is to develop multiple sets of goals and actions for directors and staff to manage.

Fundamentally, at this point you have moved from planning the strategy to planning the operations; from strategic planning to annual planning. That said, the only way strategy gets executed is to align resources and actions from the bottom to the top to drive your vision.

Questions to Ask

- How are we going to get there at a functional level?
- Who must do what by when to accomplish and drive the organizational goals?
- What strategic questions still remain and need to be solved?

Outcome:

Department/functional goals, actions, measures and targets for the next 12-24 months

Step 6: Cascading Goals to Departments and Team Members

Now in your Departments / Teams, you need to create goals to support the organization-wide goals. These goals should still be SMART and are generally (short-term) something to be done in the next 12-18 months. Finally, you should develop an action plan for

each goal. Keep the acronym SMART in mind again when setting action items, and make sure they include start and end dates and have someone assigned their responsibility. Since these action items support your previously established goals, it may be helpful to consider action items your immediate plans on the way to achieving your (short-term) goals. In other words, identify all the actions that need to occur in the next 90 days and continue this same process every 90 days until the goal is achieved.

Examples of Cascading Goals:

1 Increase new customer base.

1.1 Reach a 15% annual increase in new customers. (Due annually for 2 years)

1.1.1 Implement marketing campaign to draw in new markets. (Marketing, due in 12 months)

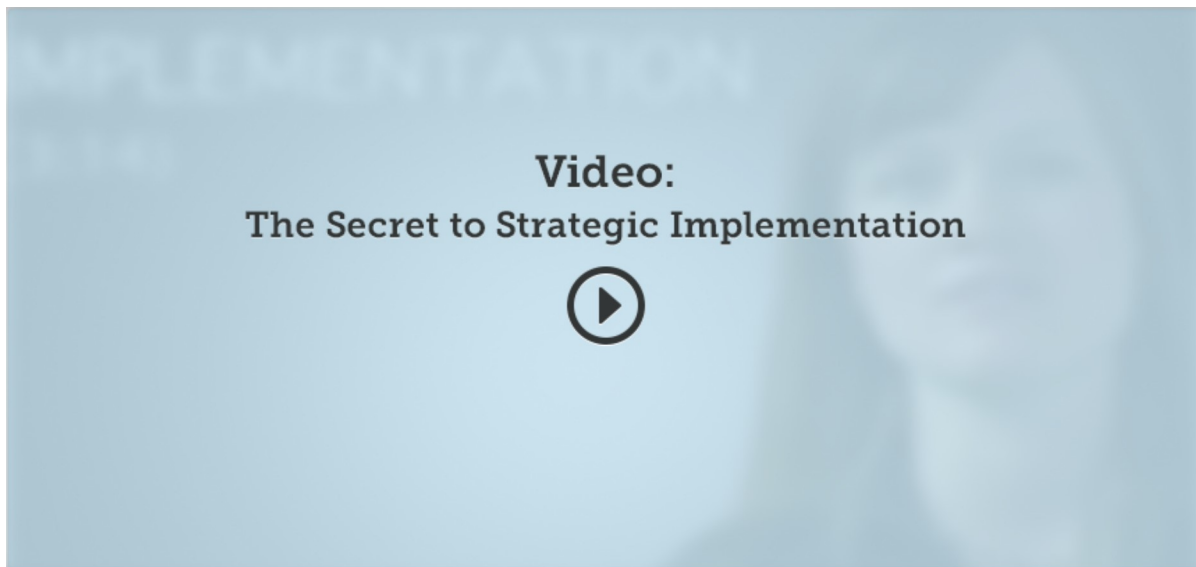
1.1.1.1 Research the opportunities in new markets that we could expand into. (Doug) (Marketing, due in 6 months)

1.1.1.1.1 Complete a competitive analysis study of our current and prospective markets. (Doug) (Marketing, due in 60 days)

1.1.1.2 Develop campaign material for new markets. (Mary) (Marketing, due in 10 months)

1.1.1.2.1 Research marketing methods best for reaching the new markets. (Mary) (Marketing, due in 8 months)

*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](#).



Phase 4: Executing Strategy and Managing Performance

Want More? Deep Dive Into the [“Managing Performance”](#) How-To Guide.

Action Grid

Action	Who is Involved	Tools & Techniques	Estimated Duration
Establish implementation schedule	Planning Team	<ul style="list-style-type: none"> • Execution plan • Calendar 	1-2 hours
Train your team to use OnStrategy to manage their part of the plan	HR Team, Department Managers & Teams	<ul style="list-style-type: none"> • Training material • OnStrategy 	1 hr per team member
Review progress and adapt the plan at Quarterly	Department Teams + Executive	<ul style="list-style-type: none"> • Strategy Review agendas 	Department QBR: 2 hrs Organizational

Strategy Reviews (QBR)	Team	<ul style="list-style-type: none">• Strategic Topics for discussion	QBR: 4 hrs
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*To access the worksheets under “Tools & Techniques” please refer to our [Strategic Planning Kit for Dummies](https://onstrategyhq.com/resources/strategic-planning-...).

Step 1: Implementation Schedule

Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals.

How will we use the plan as a management tool?

Questions to Ask:

- Communication Schedule: How and when will you roll-out your plan to your staff? How frequently will you send out updates?
- Process Leader: Who is your strategy director?
- Structure: What are the dates for your strategy reviews (we recommend at least quarterly)?
- System & Reports: What are you expecting each staff member to come prepared with to those strategy review sessions?

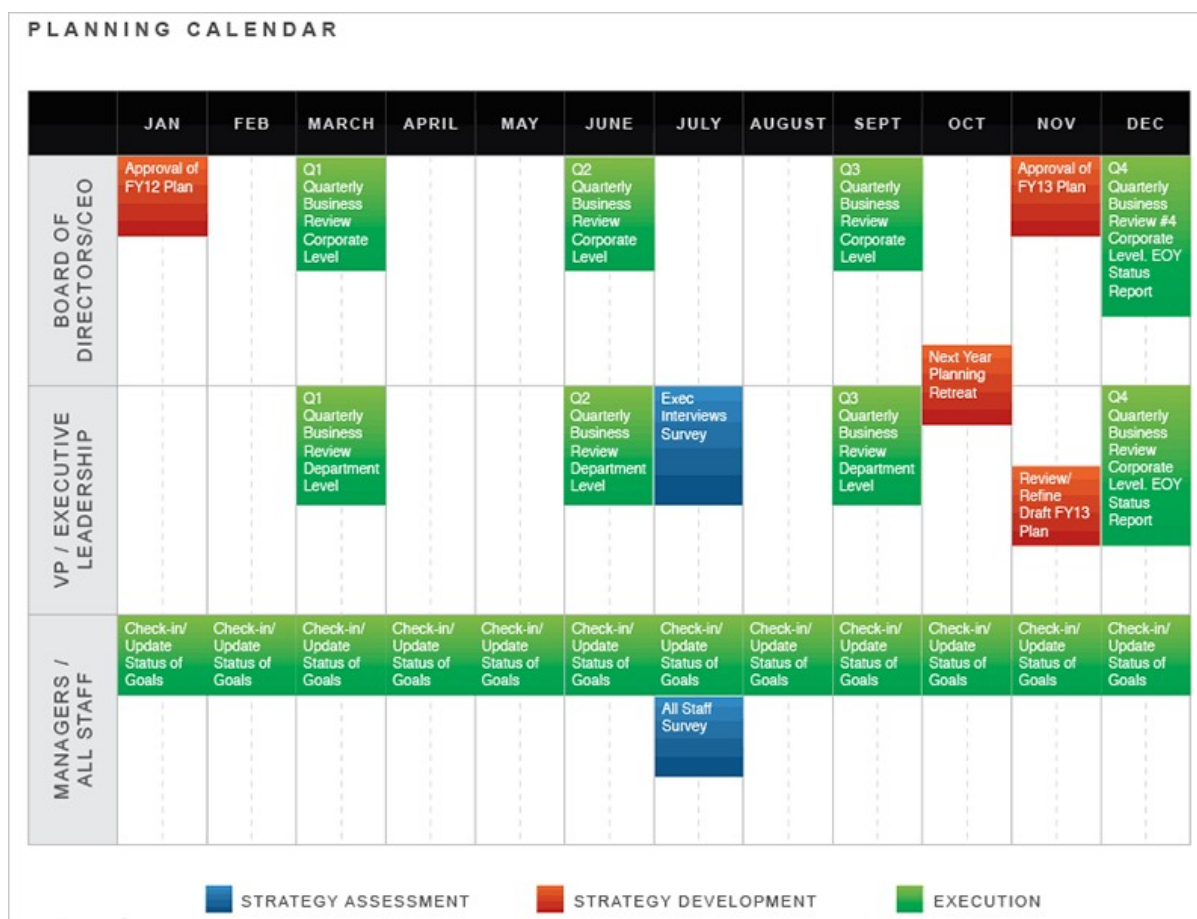
Outcome: Syncing your plan into the “rhythm of your business.”

Once your resources are in place, you can set your implementation schedule. Use the following steps as your base implementation plan:

1. Establish your performance management and reward system.

2. Set up monthly and quarterly strategy meetings with established reporting procedures.
3. Set up annual strategic review dates including new assessments and a large group meeting for an annual plan review.

Now you're ready to start plan roll-out. Below are sample implementation schedules, which double for a full strategic management process timeline.

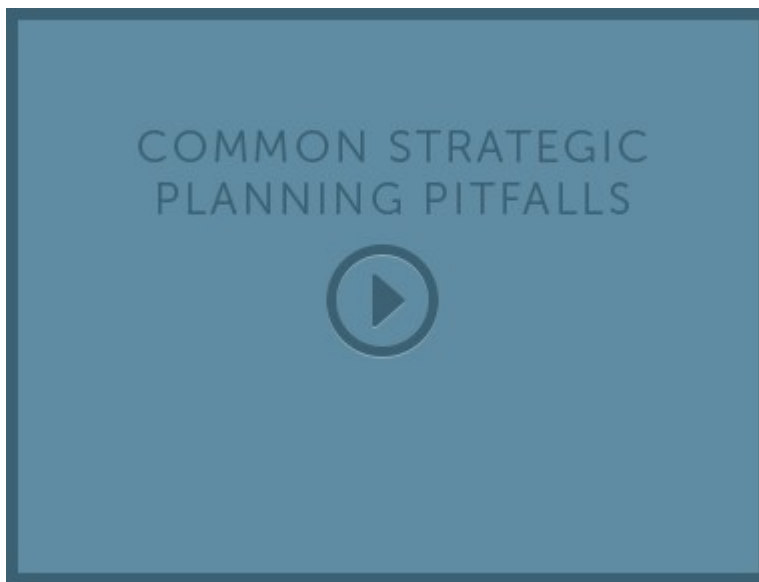


Step 2: Tracking Goals & Actions

Monthly strategy meetings don't need to take a lot of time – 30 to 60 minutes should suffice. But it is important that key team members report on their progress toward the goals they are responsible for – including reporting on metrics in the scorecard

they have been assigned. By using the measurements already established, it's easy to make course corrections if necessary. You should also commit to reviewing your Key Performance Indicators (KPIs) during these regular meetings.

Your Bi-Annual Checklist



Never lose sight of the fact that strategic plans are guidelines, not rules. Every six months or so, you should evaluate your strategy execution and plan implementation by asking these key questions:

- Will your goals be achieved within the time frame of the plan? If not, why?
- Should the deadlines be modified? (Before you modify deadlines, figure out why you're behind schedule.)
- Are your goals and action items still realistic?
- Should the organization's focus be changed to put more emphasis on achieving your goals?
- Should your goals be changed? (Be careful about making these changes – know why efforts aren't achieving the goals before

changing the goals.)

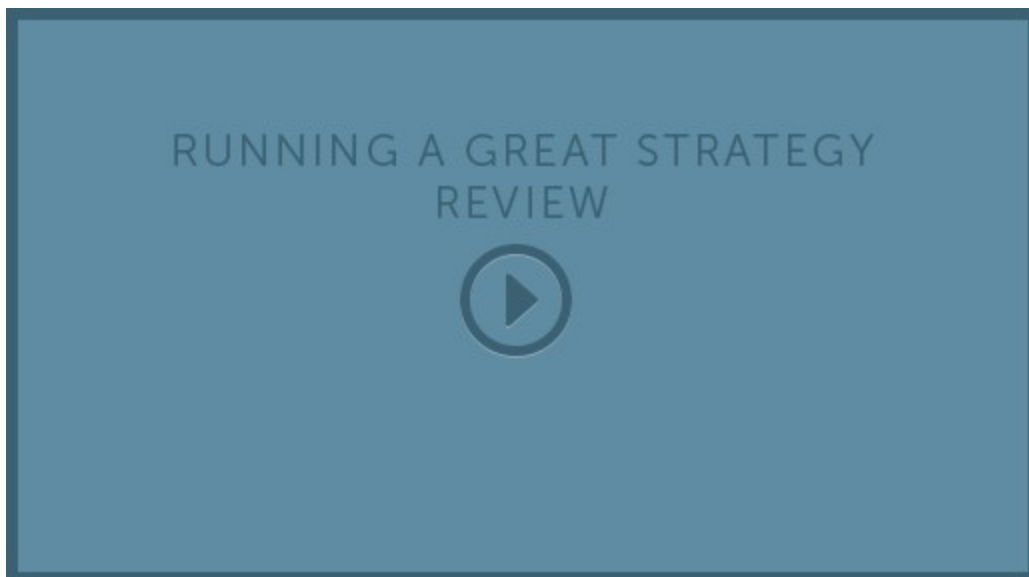
- What can be gathered from an adaptation to improve future planning activities?

Why Track Your Goals?

- Ownership: Having a stake and responsibility in the plan makes you feel part of it and leads you to drive your goals forward.
- Culture: Successful plans tie tracking and updating goals into organizational culture.
- Implementation: If you don't review and update your goals, they are just good intentions
- Accountability: Accountability and high visibility help drive change. This means that each measure, objective, data source and initiative must have an owner.
- Empowerment: Changing goals from In Progress to Complete just feels good!

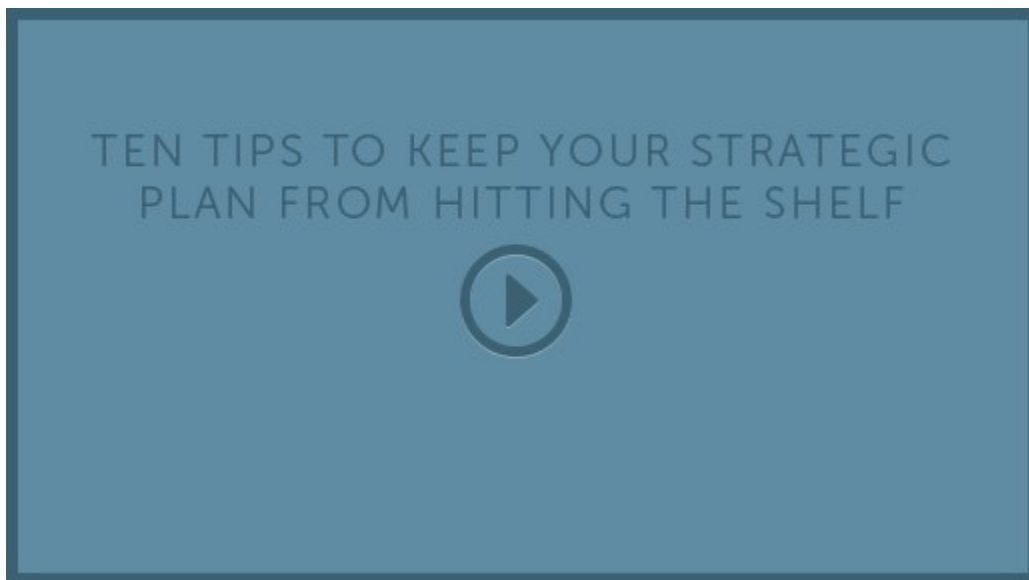
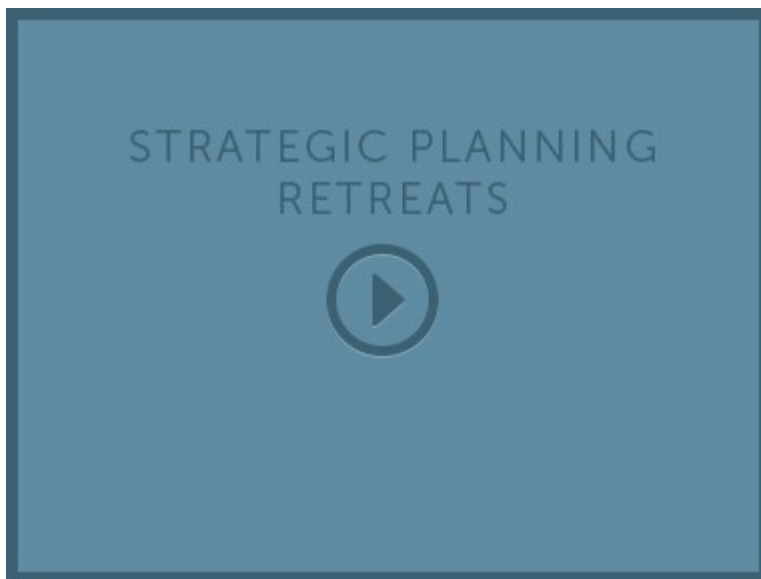
Step 3: Review & Adapt

Guidelines for Your Strategy Review



Restricting the meeting to reporting on measurements can help you stay on task and keep the meeting within 30 minutes, but if you can commit to a full hour, the meeting agenda should also include some time devoted to working on one specific topic or on one of the quarter's priorities where decisions need to be made. Once agreed upon, this topic should be developed to conclusion. Holding meetings helps focus your goals on accomplishing top priorities and accelerating growth of the organization. Although the meeting structure is relatively simple, it does require a high degree of discipline.

Strategy Review Session Questions:



- What were our three most important strategic accomplishments of the last 90 days – how have we changed our field of play in the past 90 days?
- What are the three most important ways we fell short of our strategic potential?
- In the last 90 days, what are the three most important things that we have learned about our strategy? (NOTE: We are looking for insight to decision to action observations.)

Step 4: Annual Updates The three words *strategic planning off-site* provoke reactions anywhere from sheer exuberance to ducking

for cover. In many organizations, retreats have a bad reputation because stepping into one of the many planning pitfalls is so easy. Holding effective meetings can be tough, and if you add a lot of brainpower mixed with personal agendas, you can have a recipe for disaster. That's why so many strategic planning meetings are unsuccessful. Executing your strategic plan is as important, or even more important, than your strategy. Critical actions move a strategic plan from a document that sits on the shelf to actions that drive organizational growth. The sad reality is that the majority of organizations who have strategic plans fail to implement. Don't be part of the majority! In fact, research has shown that 70% of organizations that have a formal execution process out-perform their peers. (Kaplan & Norton) Guiding your work in this stage of the planning process is a schedule for the next 12 months that spells out when the quarterly strategy reviews are, who is involved, what participants need to bring to the meetings and how you will adapt the plan based on the outcomes of the reviews. You remain in this phase of the strategic management process until you embark on the next formal planning sessions where you start back at the beginning. Remember that successful execution of your plan relies on appointing a strategy director, training your team to use OnStrategy (or any other planning tool), effectively driving accountability, and gaining organizational commitment to the process.