Strategic Planning –
A Path through the Maze

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Think logically
Ask questions
Try to understand what is happening
Write down all your ideas
‘If you always do what you’ve always done, you’ll always get what you’ve always got…’

Haines (1995)
Reality

- Survey of US companies
- Only 25% had ‘effective’ planning systems.
- 90% thought the ‘right people’, team building & training are key factors for planning.
- 8% gave sufficient support.

[Fuller, 2002].
Excuses

• Too hard
• Plans are always ignored, anyway
• Analysis paralysis
• Don’t know how
• Already efficient and effective
• Future is too uncertain
Know how  [Christensen 1997:156]

• The functions of a manager:
  Planning, organising, staffing, directing & controlling
• Planning is a part of management.
• Strategy is an integral part of the process.
• Managers need to be strategic thinkers - Practise!
• Don’t outsource strategic planning.
Already Efficient & Effective

• Operational effectiveness is not strategy. [PORTER]

• Management tools have taken the place of strategy:
  TQM, benchmarking, reengineering, outsourcing can improve operations but don’t bring sustainable profitability.

• Productivity is important, but corporate liposuction can only go so far …. eventually, you’ll suck out the heart & kidneys [HAMEL, 1998]
OEE vs. Strategy

- **Efficiency & Effectiveness**: Performing similar activities better than your rivals. Necessary but not sufficient.

- **Strategy**: Performing different activities or performing similar activities in different ways to your competition. [PORTER]

- “We try harder”. Why not try different? [HAMEL, 1998]
Uncertainty

[Courtney, 2001]

Crafting Strategy in an Uncertain World.

• Changing environments = uncertainty = risk.
• Don’t fear uncertainty – recognise it, understand it & adapt to it.
• Four levels: L.4 (impenetrable) to L.1 (easily predictable).
• Take advantage of uncertainty.  
  [Eisenhardt, 1998]
Today’s Leaders

[126x168] Competing on the Edge

• Are competitive and strategic.
• Find patterns in data, think across time frames, manage conflict & speed and take risks.
• Articulate a simple vision at the top level.
• The business level –
  – Allow some autonomy
  – Encourage skilled, fast, agile moves
  – Let complex strategies evolve.
What is Strategic Planning?

• The process of defining what a business will do and won’t do.

• Basically:
  – Where do you want to go?
  – How do you want to get there?  [Eisenhardt, 1998]
Three Considerations

1. The internal business entity
   – Who and what are we?
   – What do we do? Why?

2. The external business environment
   – What’s happening around us?
   – What’s likely to change?

3. Our strategy
   – What do we want to be and do? Why?
   – How do we get from here to there?
1. The internal business entity

- Who and what are we?
- What do we do? Why?
Analysing your Business Entity

Option 1: The Value Chain
The Business Entity

INPUTS
- People
- Ideas
- Curriculum
- Materials
- Resources
- Facilities
- Equipment
- Services
- Finance

Activities & Processes

PRODUCTS

SERVICES
The Business Entity

- Delivery
- KPIs
- Quality specifications
- Customer expectations
Analysing your Business Entity

Option 2:

1. Market reputation
2. Money
3. Manpower
4. Machines
5. Materials
6. Mental agility
7. Management
8. Morale
9. Mores
10. Monitoring
11. Motivation
12. Movement

[Wootton & Horne 2001]
2. The external business environment

- What’s happening around us?
- What’s likely to change?
The Business Entity

Technology
Complementors
Regulation
Politics
Environment
Society
Industry

Competitors
Finance
Globalisation

Environmental Audit
Option 1
Complementors

Co-opetition [Brandenburger & Nalebuff, 1996]

• Business is war – but also peace & prosperity.
• Success doesn’t have to be at others’ expense.
• Language schools compete – but also co-operate.
• Business is co-operation when we’re creating a pie.
• Business is competition when we’re dividing up the pie.
• Look for complementary opportunities.
Technology
Politics
Economy
Law
Markets
Environment
Society

Environmental Audit

Option 2

[McHugh, in Wootton & Horne, 2001]
3. Our Strategy

- What do we want to be and do? Why?
- How do we get from here to there?
The Business Environment

1. **Traditional view:**
   The market is stable, predictable. Competitors easily defined; environment regulated.

2. **Hypercompetition:**
   The market is dynamic, unpredictable, constantly changing, evolving. Analysis is difficult.
Traditional Strategy

• **Goal:** Match business strategy + environment.
• ‘Build & defend’: strengthen the firm, maintain a competitive, defendable position.
• Harvest strategy.
• McKinsey’s 7 factors:
  Structure  Strategy  System
  Style  Skills  Staff
  Super-ordinate goals.
Hypercompetition [D’Aveni, 1994]

• Can’t be sure where you want to go.
• ‘Build & defend’ strategy is inadequate.
• The goal: to call the shots, to lead and surprise. Timing is critical.
• Try to disrupt the status quo by creating a series of temporary advantages.
• Strategy: growth, developing new markets & new approaches. Strategy is temporary.
• Structure drives strategy - your internal structure, processes, are critical to strategy.
NCELTR’s Approach

- Top down & bottom up
- Driven
- Strategic Planning Committee
- Analyse our organisation
- Understand the environment
- Anticipate the future
- Iterative process
- Learning
- Consensus
Strategic Planning Process

- Dreaming Day
  - all staff
- Environmental Scan
- External Survey
- Section Workshops
- Strategic Planning Committee
- Draft Plan
- Final Plan
- Board
- All staff Meeting
- Coordinators Committee

Strategic Planning Process
Dreaming Day

Staff divided into 10 groups:

- Identify key stakeholder groups.
- What do you expect to like about your jobs and NCELTR in 2007? [Ideas gathered by broad subject area, and listed by stakeholder group.]
- Review your ideas, briefly state what you expect will excite each stakeholder group in 2007.
- Analysis using generic tools.
Section Workshops

- Name industry/market
- Main customers
- Main products and services
- Main competitors
- Level of competition
- $ value & non-$ value of products and services
- $ value & non-$ value in 5-years’ time
- Strategy canvas
Strategy Canvas [Kim & Mauborgne, 2002]
The Strategy Canvas of the Short-Haul Airline Industry*

* Adapted from Kim & Mauborgne’s illustration p. 79.
Strategy Canvas  [Kim & Mauborgne, 2002]

- A blueprint for mapping a company’s strategy.
- Displays the factors currently critical to competition & that competitors invest in.
- Tries to predict the basis of future competition.
- Represents the industry’s strategic profile.
- Illustrates the company’s strategic profile.
Capability Platform  [BRUCE, 1994]

Culture

People Mgt

Structure, Systems

Competencies, Experience

Capacity to compete successfully
Ansoff Matrix

- Market Penetration (1) - Existing Market/Customers, Existing Products
- Product Development (3) - Existing Market/Customers, New or Modified Products
- Diversification (4) - New Market/Customers, Existing Products
- New Market/Customers, New or Modified Products

[Igor Ansoff, 1957]
The Five Forces

Some Strategic Priorities

- Business Direction – scope, reach
- Marketing
- Organisational Capability
- Performance – scale, growth, profitability, quality
- Relationships & Partnerships
- Business Management & Culture
- Social Responsibility
- Innovation
- Customer Service