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### **What is Strategic Planning?**

Strategic planning is a roadmap for impelling continuous change and enduring a future for an organization. (C. Davis Fogg, 1998)

Strategic planning determines where your organization is going so that all organizational efforts can be pointed in that direction. (P. J. Below, C. L. Morrissey, and B. L. Acomb, 1987)

Strategic plans are usually long-term, typically ranging from three to twenty years and involve major decisions, long-term commitment, and a large number of resources. (Anthony, Perrewe, and Kacmar, 1996)

### **Benefits of HR Strategic Planning Include Helping Companies: Sibson (1992)**

Avoid costly and disruptive surprises that prevent goals from being achieved.  
Deal with key issues in a timelier manner and avoid crises.  
Lead to gains in employee productivity and organizational success.  
Provide a sense of direction that positively impacts how work gets done.  
Eliminate disruptions in and bring order to the work environment.  
Keep the employees focused on the organizational goals.  
Provide a strategic focus for training and development initiatives.  
Provide leaders a tool to help focus their initiatives.

### **Checklist of the Key Components of a Strategic Plan: Fogg (1998)**

- Developing a direction statement for the organization. This includes developing the following:

- Mission statement
- Vision
- Business definition
- Competitive advantage
- Core competencies
- Values/beliefs

- Developing strategic objectives for the organization. This can be done using one of the following measurement methods:

Balanced scorecard measures, which include measures of:

- Organizational profitability
- Market position
- Quality and service
- Innovation

- Developing strategic priority issues to help you determine what and when things must be done. These include:

- Cost
- Service
- New markets and products

Geographic expansion  
Organization  
Information systems

### Checklist of the Steps in the Strategic Planning Process (Anthony, Perrewe, & Kacmar, 1996):

- **Environmental Scan** - examine the outside environment surrounding the organization (societal/task environments).
- **Environmental Forecast** - predict how the environment is changing in order to determine implications for the future of the organization.
- **Customer/Market/Competitor Analysis** - establish a stronger understanding of why the organization exists by determining how the market is changing, understanding who the future customers are, and analyzing organization competition.
- **Strategic Planning Premises** - develop strategic planning premises that reflect the assumptions about the future (based on the environmental forecast).
- **Internal Assessment** - management determines the strengths and weaknesses of the organization as it currently exists in order to establish a planning base using a Strength, Weakness, Opportunity, and Threats Analysis (SWOT). By maximizing strengths and minimizing weaknesses an organization exploits opportunities and avoids threats.
- **Mission/Vision Development** - the mission and vision of the organization are outlined. The mission is the basic purpose of the organization. The vision describes what the organization will look like in the future.
- **Strategic Thrusts** - three or four key goals on which the organization focuses its efforts over the next 5 to 20 years.
- **Plan Operationalization** - it is best to follow these steps in this order, however, sometimes it may be necessary to revisit various steps as the organization moves along through the strategic planning process.

### Strategic Planning Process Flow Chart (Anthony, Perrewe, & Kacmar, 1996):



### Strategic Planning Competencies (Fogg, 1998):

**Vision** - the ability to develop a vision for the future and the command to direct/align the organizations forces toward that vision.

**Ability to think strategically, conceptually, and structurally** - the ability to think long-term and determine various options that will help their organization attain/maintain competitive advantage.

**Honesty, integrity, and trustworthiness** - the ability to demonstrate integrity, trustworthiness, honesty, accountability and ethics in ones actions during a time of change.

**Power to persuade and motivate** - the ability to motivate the employees and help them understand the benefit of the strategic initiative.

**Ability to communicate** - the ability to communicate the vision and strategy in a way that creates understanding and buy-in throughout the organization.

**Willingness to encourage debate/discussion** - the ability to encourage employees to participate and include them in decision-making activities during the strategic planning process.

**Ability to involve, empower, and develop people** - the ability/willingness to include, develop, and empower employees to learn and be a part of the strategic planning process.

**Decision making ability** - the ability to make decisions that are beneficial to the organizations future.

**Accountability** - the willingness to establish strategic performance standards to themselves accountable for the organizations results.

**Planning, budgeting, and allocating resources** - the ability to develop strategic plans and ensure that work is aligned with those plans.

**Organization** - the ability to organize the people, structure, and work flow in line with the strategic initiatives of the organization.

**Controlling** - scorecard, objectives, budget - the ability to use various benchmarks to review progress and keep tasks on track in order to achieve the strategic initiative.

**Problem Solving** - the ability to solve any problems that may arise and impact the strategic initiative.

## Strategic Planning Template

### 1. Environmental Scan

Guide: Briefly describe the major opportunities and threats of the outside environment that affect your organization. These include aspects of the social environment (i.e., demographic, technical, legal and political, and economic forces) and task environment (i.e., labor market, stakeholders, competition, and customers/clients). All should be one handed (i.e., something is either an opportunity or a threat, not both).

Key Threats

Key Opportunities

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

### 2. Environmental Forecast

Guide: Determine how the environment is changing. Monitor industry trends and consider how these trends will impact your organization.

Trends

Impact

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

### 3. Customer/Market/Competitor Analysis

Guide: Determine how the market is changing and develop a profile of how your customers' needs and your competition are changing in relation to these market trends.

### 4. Strategic Planning Premise

Guide: Develop strategic planning premises that reflect the key assumptions about the future of the organization. These serve as the basis for the development of the strategic plan. These can cover the business as a whole (e.g., diversification or acquisition plans) or functional areas of the business (e.g., finance, management, marketing, etc.). Separate must do and should do strategies.

#### Must Do Strategies

#### Should Do Strategies

_____	_____
_____	_____
_____	_____
_____	_____

### 5. Internal Assessment

Guide: Briefly list the major strengths, weaknesses, threats, & opportunities (SWOTs). Strengths and weaknesses are internal to the business while opportunities and threats are external. All SWOTs should be one-handed (i.e., something is either a strength or a weakness but not both).

#### Key Strengths

#### Key Weaknesses

_____	_____
_____	_____
_____	_____
_____	_____

#### Key Threats

#### Key Opportunities

_____	_____
_____	_____
_____	_____
_____	_____

### 6. Mission/Vision/Corporate Values Development

#### A. Mission Statement

Guide: What is the purpose of the organization? What activities are performed? What does the business offer and how does it make it competitive?

#### B. Vision Statement

Guide: What will the organization look like in 3-5 years? What would be seen and sensed by people?

#### C. Corporate Values

Guide: Describe the values and standards governing the operation of the organization and its relationship with society, customers, suppliers, employees, and stakeholders?

## 7. Strategic Thrust

Guide: Highlight the three or four major achievements and broad progress to be realized in the next three to five years. These reflect the mission, vision, and the environmental forecast.

## 8. Major Goals

Guide: Define the key targets achievable over the next 3-5 years in terms of business imperatives such as sales, market segments, finances, operations, technologies, employment, profits, etc. Remember that goals are the strategic profile of the organization. This information should be obtained from environmental scan, environmental forecast, mission statement, and vision statement (use the SMART goal setting process as described below).

### Major Goals

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

### Checklist for Developing Strategic Objectives:

Norton and Kaplan (1996) explain that once strategic initiatives are implemented, individuals and groups within the organization must translate these strategic objectives into personal/team objectives. They explain that management-by-objectives (MBO) are good goal-setting programs that can be linked to other measures of performance such as the Balanced Scorecard.

Steps to management-by-objective programs include (Anthony, Perrewe, & Kacmar, 1996).

- Setting organizational goals (derived from the direction statement [i.e., mission/vision] component of strategic planning) and including target completion dates and action plans for achieving the goals.
- Setting individual goals (these must coincide with the strategic objectives of the organization) and including target completion dates and action plans for achieving the goals.
- Appraising and rewarding individuals for achieving strategic and individual objectives and goals.

SMART Goal Setting Process, goals should be (Kreitner & Kinicki, 1989):

**Specific** - goals need to be defined in specific terms that leave no doubt to what is expected.

**Measurable** - goals need to be quantifiable and measured in a way that leaves no doubt that the goal has been achieved.

**Attainable** - goals need to be difficult but realistic so that personnel can achieve them most of the time.

**Results-oriented** - it is essential that what is being measured is the output related to the specific goal.

**Time-related** - specific time lines in which goals are to be attained need to be established.

### Glossary

**Balanced scorecard measure** - an analysis technique designed to translate an organization's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organization's performance in terms of achieving these goals.

**Business definition** - definition of current and future business capabilities.

**Competitive advantage** - meeting the needs of your customers better than your competitors

**Core competencies** - knowledge, skills, and abilities that help to gain a competitive advantage.

*Customer/Market/Competitor Analysis* - establish a stronger understanding of why the organization exists by determining how the market is changing, understanding who the future customers are, and analyzing organization competition.

*Direction statement* - helps to define the organizations strategic direction.

*Environmental Forecast* - predict how the environment is changing in order to determine implications for the future of the organization.

*Environmental Scan* - examine the outside environment surrounding the organization (societal/task environments).

*Internal Assessment* - management determines the strengths and weaknesses of the organization as it currently exists in order to establish a planning base using a Strength, Weakness, Opportunity, and Threats Analysis (SWOT). By maximizing strengths and minimizing weaknesses an organization exploits opportunities and avoids threats.

*Mission Statement* - basic purpose of the business.

*Strategic Objectives* - these are measures that allow you how you are performing on the key components of your direction statement.

*Plan Operationalization* - it is best to follow these steps in this order, however, sometimes it may be necessary to revisit various steps as the organization moves along through the strategic planning process.

*Strategic Planning Premises* - develop strategic planning premises that reflect the assumptions about the future (based on the environmental forecast).

*Strategic Priority Issues* - these are the instruments that help you determine what and when things must be done.

*Strategic Thrusts* - three or four key goals on which the organization focuses its efforts over the next 5 to 20 years.

*Vision* - where you want to be in the future.

*Values/beliefs* - the values and beliefs that drive your organizational culture

## **References**

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Phone: 301-874-2132 Email: [info@workforcemetrics.com](mailto:info@workforcemetrics.com)

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