



How to write a strategic plan that seriously improves your business performance

Strategy

Dictionary definitions of 'strategy' include:

- A plan of action defined to achieve a long-term or overall aim
- A method or plan chosen to bring about a desired future state, such as achievement of a goal or solution to a problem
- The art and science of planning and marshalling resources for their most efficient and effective use

Defining Strategy

Strategy is one of the business topics that is most written about and one which is interpreted the most diversely. Strategic planning is not just about aspiration, ambition, leadership, and visioning; it is about articulating the challenges that face your organisation and encapsulating how you are going to address those challenges. The outcomes that you are looking for must be expressed in a set of measurable objectives that define what you are trying to achieve, along with an explanation as to why you are trying to achieve them and, most importantly, how you intend to achieve them. The most significant aspect of strategy is that it should articulate how your objectives will be accomplished and not just a definition of what they are.

Strategy is not about woolly vision, mission and value statements, it is about identifying significant challenges that an organisation faces (**assessment**), defining an overall approach for dealing with those challenges (**approach**) and designing a coherent set of actions that implement the approach (**action**).

The important point here is that strategy must contain action, coherent and coordinated action, which is focused on overcoming the obstacles and addressing the challenges.

Assessment – gaining, by investigation, an in-depth understanding of the nature and circumstances of specific challenges faced by the organisation.

Assessment is about defining the nature of the challenges and identifying the key obstacles that need to be overcome in order to address them.

Challenges are either; external (dealing with threats to the organisation or maximising opportunities for the organisation) or internal (addressing weaknesses or leveraging strengths within the organisation). They are often associated with external competition or internal change.

Approach – the overall approach for dealing with the challenges by overcoming the associated obstacles identified in the assessment. Common approaches are based on leveraging internal strengths and minimising weaknesses in order to maximise external opportunities and mitigate external threats

The approach sets out a specific direction without defining exactly what actions must be undertaken. It reduces complexity and provides clarity about the situation enabling a plan of action to be developed that coordinates and focuses resources and effort effectively.

Action – a coordinated set of actions that are designed to implement the approach.

The assessment, approach and action plan enable a set of clear Business Objectives to be identified that define a successful outcome i.e. that the obstacles have been overcome and the challenges met.

It is important that, through the definition of Business Outcomes, Business Objectives are:

- **Achievable** - the Business Outcomes must be realistic and achievable.
- **Quantified** - you must be able to measure progress towards achieving them. This quantification also defines the value that the Business Objective is contributing to the business.
- **Prioritised** - it is important to understand the priority required to achieve different Business Outcomes in order to enable you to focus your resources appropriately.
- **Owned** - it must be clear who is accountable and who is responsible for the achievement of each Business Outcome.
- **Scheduled** - the Business Outcome must be planned so that you know when it is due to be achieved.
- **Cohesive** - it must be clear how all Business Outcomes relate to each other i.e. how they contribute to the next Business Outcome. This creates an Outcomes Realisation Map that enables you to manage the realisation of the Business Outcomes.
- **Measured** - having quantified the Business Outcomes it is important that you measure progress towards their achievement.

A good strategy is realistic, achievable, timely and delivers the desired Business Objectives.

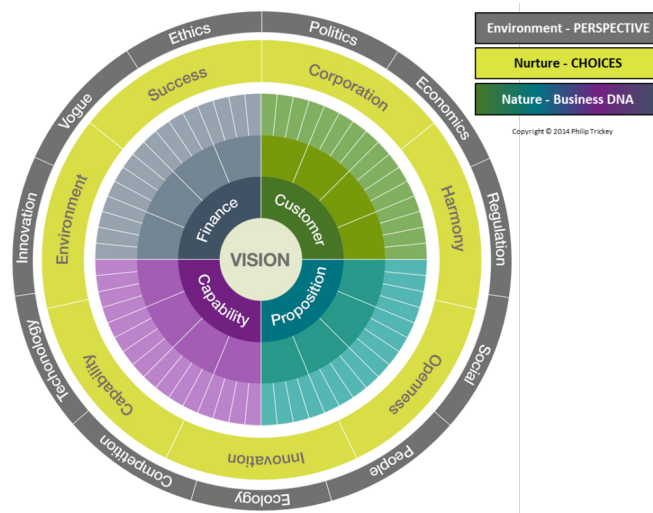
A model for strategic planning

Business Life-System

There are multiple strategic planning approaches and models available. Sirius Partners has adopted a model called the "Business Life-System" (copyright © 2014 Philip Trickey). This section of the report provides a brief overview of the Business Life-System as a model of good practice against which an organisation's business plan can be assessed.

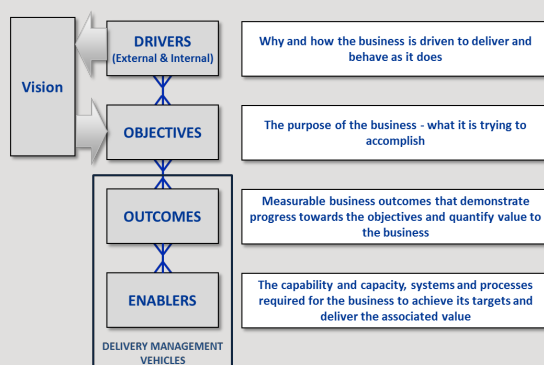
The Business Life-System has three aspects to it:

- 1. Environment** - the External Environment.
An assessment of the opportunities for, and threats against the business.
- 2. Nurture** - the Internal Environment.
An assessment of the strengths and weaknesses within the business.
- 3. Nature** - the Business DNA.
The architecture of what the business is trying to achieve expressed as a cohesive set of Business Objectives and Business Outcomes.



These three aspects manifest themselves as six layers within the business model:

- 1. External Business Drivers** - threats and opportunities external to the organisation that can have an impact on the scope, prioritisation and focus of the business.
- 2. Internal Value Drivers** - strengths and weaknesses within the organisation that must be managed in order to maximise the opportunities and minimise the threats in the external environment.
- 3. Business Objectives** - an articulation of what the organisation is trying to accomplish as a set of Business Objectives.
- 4. Business Outcomes** - a quantification of the business value or benefits attributable to the Business Objectives that makes them quantifiable, measurable, timely and specific.
- 5. Enablers** - the assets, processes, deliverables, capability and capacity in which the organisation invests in order to deliver the Business Outcomes.
- 6. Delivery Management Vehicles (DMV)** - governance, structures, processes and methodologies that ensure effective and managed delivery of Enablers and Business Outcomes. DMVs include Portfolios, Programmes, Projects and Workstreams.



The six layered business model is depicted in this diagram

Business Drivers

External Business Drivers are threats and opportunities in the external environment (i.e. external to the organisation) that could have either a positive or negative impact on the business. Organisations often use tools such as PEST, STEEP and PESTEL analyses (Political, Economic, Sociological, Technological, Environmental and Legal) in order to identify these threats and opportunities. As these external dynamics are the single most important factors that can impact the business, a more thorough assessment is recommended (referred to in the Business Life-System as **PERSPECTIVE**) as follows:

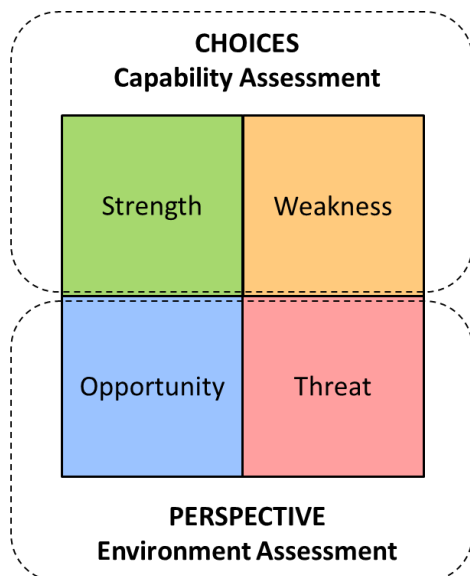
External Business Drivers (PERSPECTIVE)

- Politics
- Economics
- Regulation
- Social
- People
- Ecology
- Competition
- Technology
- Innovation
- Vogue
- Ethics

Internal Value Drivers

Internal Value Drivers are the perceived strengths and weaknesses within the organisation and are what constitutes the culture within the business. An assessment of this capability or inability can be undertaken across multiple aspects of the business (referred to in the Business Life-System as **CHOICES**) as follows:

| Corporation | Harmony | Openness | Innovation | Capability | Environment | Success |
|-------------|---------------------|-----------------|------------------------|------------|--------------------------|-----------------|
| Leadership | Collaboration | Transparent | Creativity | People | Environmentally friendly | Reputation |
| Strategy | Customer focus | Accountable | Continuous improvement | Process | Economical | Differentiation |
| Governance | Partnership working | Fair and honest | Proactive | Assets | Sustainable | Brand strength |
| Finance | Communications | Adaptable | Technology | Responsive | Charitable | Evaluation |



- Value Drivers:**
1. Corporation
 2. Harmony
 3. Openness
 4. Innovation
 5. Capability
 6. Environment
 7. Success

- External Drivers:**
1. Politics
 2. Economics
 3. Regulation
 4. Social
 5. People
 6. Environment
 7. Competition
 8. Technology
 9. Innovation
 10. Vogue
 11. Ethics

This diagram demonstrates the relationship between a SWOT analysis, capability assessment and environment assessment



Business Objectives

Business Objectives are an articulation of what the organisation is trying to accomplish. They are driven by the External Business Drivers and the Internal Value Drivers and are best categorised into four Perspectives of a balanced scorecard:

1. **Customer** - who are the customers of the business now and in the future?
2. **Proposition** - what products and services are being offered by the business to those customers now and in the future?
3. **Capability** – what assets, deliverables, people, partners and processes are required to deliver the propositions?
4. **Finance** - how will the capabilities be funded (revenue and investment)?

Each of these Business Perspectives is further broken down to specific Business Objectives that demonstrate progress, development and delivery across the balanced scorecard.

Business Outcomes

Business Outcomes are a quantification of the business value, benefits and targets attributable to the Business Objectives that make them quantifiable, measurable, timely and specific. Business Outcomes might be in-year or longer term (3 to 5 years or more). For example, a Business Objective might be to improve customer satisfaction; an associated Business Outcome might be an increase in the annual customer satisfaction survey results of 10% per year for five years. Key Business Outcomes are often referred to as Key Performance Indicators (KPIs) and can be used in an executive dashboard to monitor the progress of the business towards achieving its strategy.

Enablers

Enablers are the assets, processes, deliverables, capability, capacity in which the organisation invests in order to deliver the Business Outcomes. While Business Outcomes articulate and quantify the business value, Enablers articulate and quantify the business costs. Enablers can be tangible assets, documents, processes, estate, IT or milestones that mark the delivery of one or more Enablers. An Ultimate Enabler is the final Enabler (or multiple Enablers) that has to be delivered in order for an associated Business Outcome to be achieved.

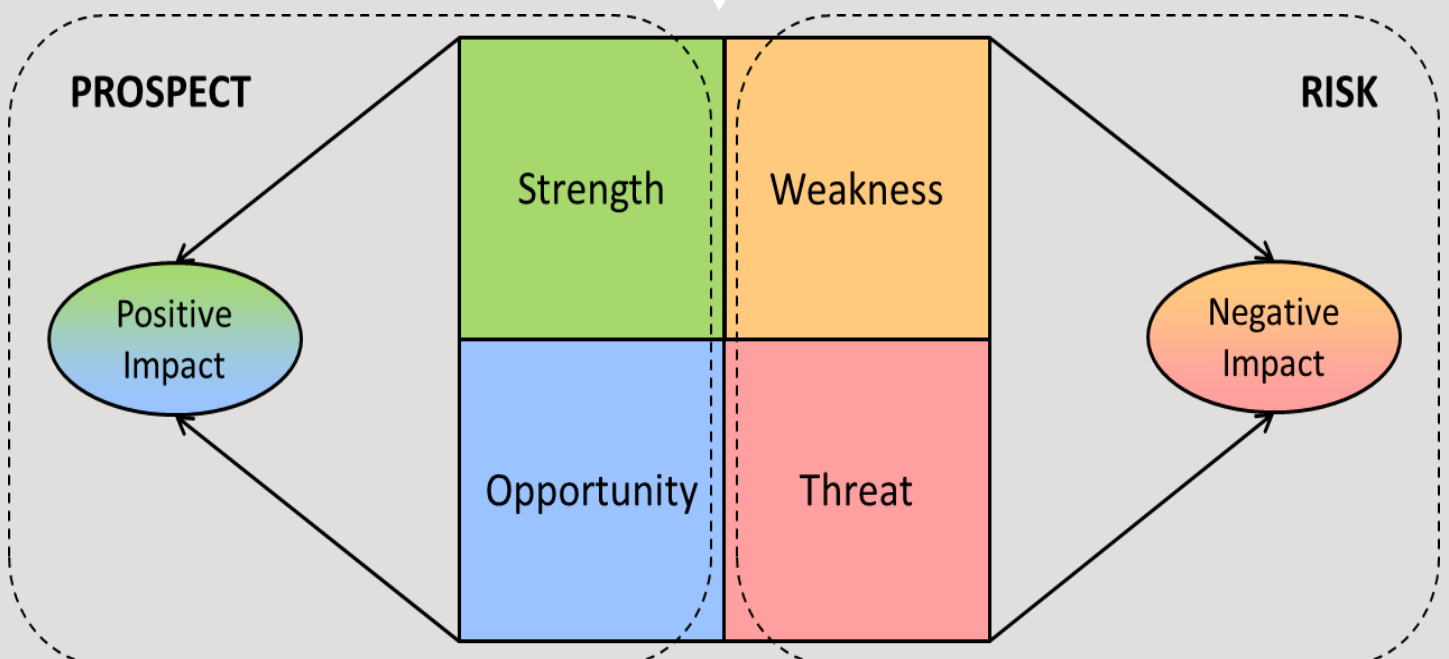
Risk and Prospect Management

When an external threat aligns with an internal weakness creating a potential negative impact on the business then this creates a risk to the business. Such risks must be quantified in terms of their potential impact on the business and the likelihood of them occurring. Mitigating actions can then be identified and carried out in order to reduce, overcome or eradicate the negative impact on the business.

When an external opportunity aligns with an internal strength creating a potential positive impact on the business then this creates a prospect for the business. Such prospects can be quantified in terms of their potential impact on the business and the likelihood of them occurring. Managing actions can then be identified and carried out in order to maximise the positive impact on the business.



The relationship between the SWOT analysis, risks and prospects is depicted in this diagram:



$$\text{Prospect} = \text{Impact} \times \text{Opportunity} (\%) \times \text{Strength} (\%)$$

$$\text{Risk} = \text{Impact} \times \text{Threat} (\%) \times \text{Weakness} (\%)$$

Delivering the Strategy

Strategy is about identifying key challenges and how to overcome the associated obstacles in order to meet those challenges through a set of coherent actions. It is therefore crucial that the achievement of those actions and associated outcomes are managed effectively.

Anything that needs to be delivered or achieved within a business (whether seen as business-as-usual, business change programmes, delivery projects, benefits realisation projects or innovation initiatives) should have a controlling structure or vehicle managing it. These vehicles include governance, methodologies, processes, resource allocation/management and risk management.

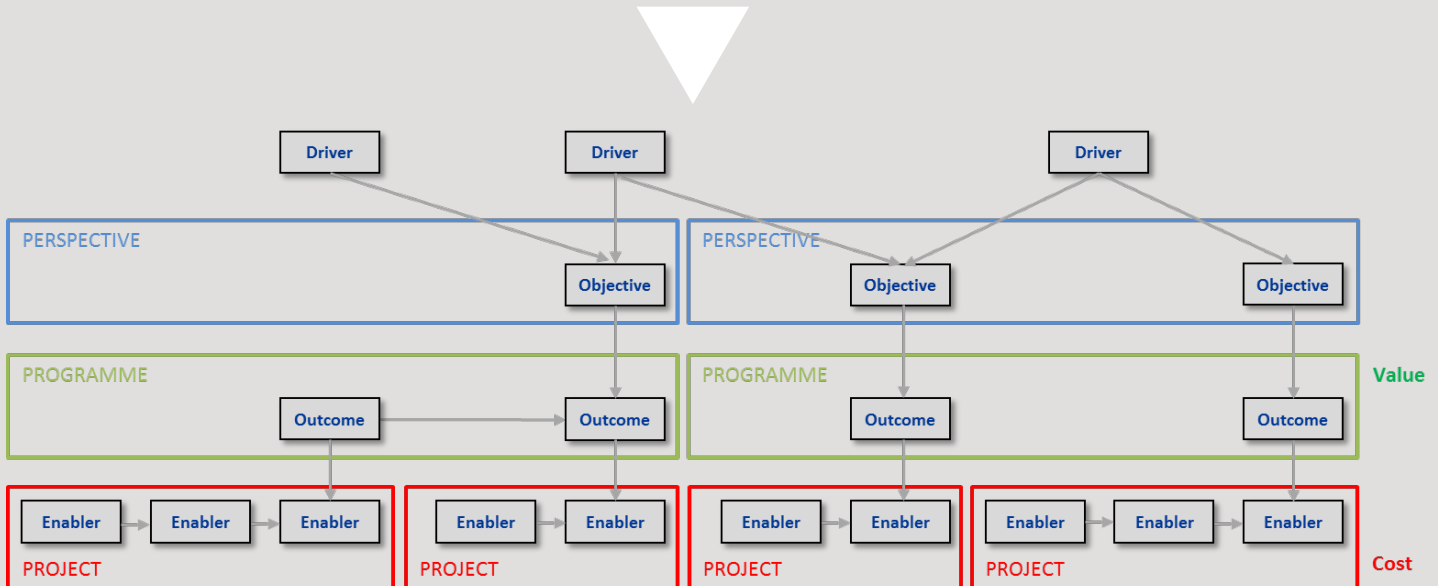
In fact, managing delivery has ten main aspects to it:

- 1. Outcome Definition** - a breakdown and definition of what is required to be delivered in terms of Outcomes (benefit and value).
- 2. Work Breakdown Structure** - a breakdown and definition of what enablers need to be delivered in order to achieve those Outcomes.
- 3. Activity** - a breakdown and definition of what action and activity is required to be taken in order to deliver the Enablers.
- 4. Plan** - a plan of when that activity will take place and the dependencies between the activities, with associated achievement milestones.
- 5. Resource** - an assessment and ongoing management of the resources required to undertake the activity and deliver the plan. This should include allocation of clear responsibility and accountability for delivery.
- 6. Finance** - an assessment and ongoing management of the budget (capital and revenue) required to pay for the resources and other assets required.
- 7. Stakeholder Engagement and Communication** - regular, appropriate and timely engagement and communication with the different stakeholder groups that are affected by, or contribute to delivery.
- 8. Risk Management** - identification of the risks and assumptions that need to be mitigated and managed in order to maximise the potential for successful delivery.
- 9. Progress Reporting** - regular reporting on the progress of delivery both in terms of achievements and exceptions to the plan.
- 10. Lessons Learned** - an assessment of lessons learned at the end of delivery in order to refine and improve the process for the future.



Programme and Project Management

The *Business Life-System* refers to these controlling structures as 'Delivery Management Vehicles' (DMV's) and they can be portfolios, programmes, projects, workstreams, initiatives, departments etc. The scope of a DMV is set out as a range of Enablers and/or Business Outcomes as indicated by the following diagram:



It is a combination of the Business Objectives, Business Outcomes and Enablers that constitute the Business Case associated with the DMV - a definition of what it will deliver in terms of value, how much it will cost, the net return on the investment and how long it will take.

Summary

Strategy is an assessment of business challenges and the definition of an approach to overcome the obstacles in order to meet those challenges. It requires a clear set of cohesive and coordinated actions to be identified, managed and delivered. A structured approach to strategic planning ensures clarity, consistency and collaboration, enabling the business to focus its resources appropriately on resolving its biggest challenges, and delivering maximum business value.



If you would like to know more about a structured approach to strategic planning then please get in touch on +44 (0) 7834 800416 or email info@siriuspartners.co.uk

www.siriuspartners.co.uk

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