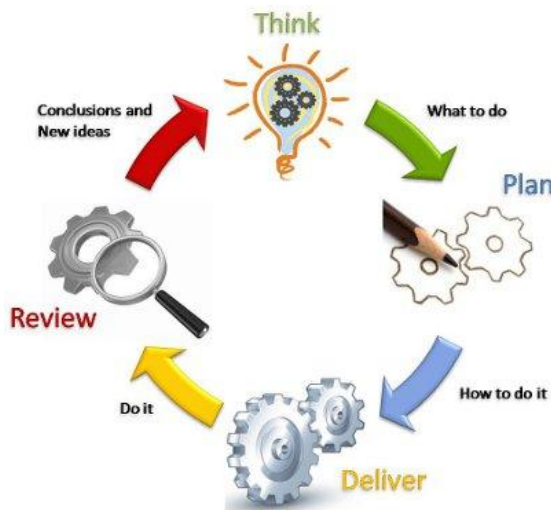




The Strategic Planning Cycle

For strategic planning to work effectively the four phases need to work together efficiently. This requires a system that works well within the phases and communicates effectively between them. Strong leadership to get the buy-in and support of everyone in the business is also vital for the system to work.

The strategic planning system that comprises the four phases shown in the image below is detailed in the [Strategic Planning Overview](#). The system helps you to [set the right goals](#) for the year (and three years), map out how you intend to achieve them, keeps you on track whilst implementing the tasks and checks that you're on course.



At the corporate level the system would run as an annual cycle working on the goals set for the year. The above image however, implies a serial flow from one phase to the next which means the *Deliver* phase would last around six months to allow the other phases to be carried out within the 12 month period.

This is of course unrealistic; companies don't stop generating a return in order to set the goals and objectives and review how things are going.

In reality the *Deliver* phase will last the entire year and so instead of a sequential flow as shown here...

Key Points

All companies, of all sizes, will achieve far more if they have a working, coherent strategic planning system in place.

Without a system you cannot be sure that you are on course to meet your goals.

The point of the system is to connect the dots; to make sure that all aspects of your company are working together in a balanced way to meet ambitious goals that will propel your company forward.

Even a small business with a small team will benefit greatly from establishing an integrated strategic planning system.

An effective system can also encourage new ideas and innovative thinking.



...an effective strategic planning flow has overlapping phases as shown below.



This image shows the *Review* phase starting only a little after the start of the *Deliver* phase. This is because as soon as milestones (and it's good to set some early milestones) are due, progress reviews need to begin. It is important to begin monitoring and assessing progress early on because initial findings could reveal a fundamental flaw to the plan which, if went unchecked, could take the company way off course.

Things change very quickly, especially with technology, and a regular feedback and review process is essential.

The above sequence describes a corporate level strategic planning cycle. Of course, strategic planning should also be used for initiatives and programmes such as a new product development or a new marketing campaign. These would work within, and in line with, the corporate plan but may not fit a 12 month window. For the purpose of this guide we will assume the strategic planning cycle is the company-level one and hence a 12 month cycle.

Because, the *Deliver* phase lasts the entire 12 months, the other phases must overlap in order for the strategic planning cycle to fit within the 12 month window and to ensure no interruption to business generation.

The image below shows the *Think* and *Plan* phases starting before the end of the year in order for the new goals, objectives and tactics to be set ready for the start of the following year. Depending on the size and complexity of the company the new *Think* phase could begin 3 to 5 months before the end of that year.

Key Points

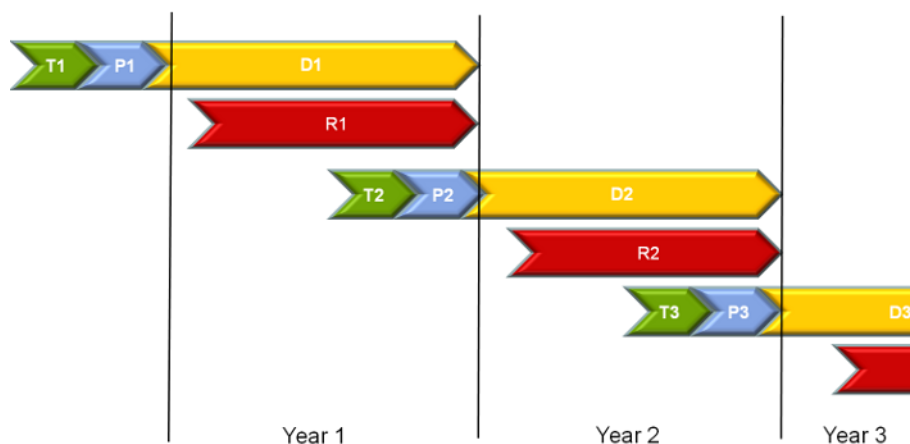
You're not going to stop generating business in order to think, plan and review and so of course the *Deliver* phase will last the entire year.

For the system to fit your annual cycle, the phases overlap and should work together in a fluid, flexible way.

Like an ocean liner, carry out regular checks and make adjustments to ensure that your business is on course.

Strategic planning systems can be project-based and sit within a corporate system. They are effective ways to set and implement sub-goals that are part of a corporate goal.

Each phase of the strategic planning system is vital. Without delivery anything you do is meaningless, without planning anything you do is uncontrolled and ineffective.



If a strategic planning system is being established for the first time then enough time needs to be given for the *Think* and *Plan* phases to be completed before the start of the company year. Three months should be enough for a medium sized company to set the goals and means for achieving them.

The first year of implementing a strategic planning system shouldn't be too ambitious or complicated as getting the system established and working is key and should in fact constitute one of the goals.

With each year and cycle the system will become more efficient and can become more ambitious and far-reaching as everyone becomes used to working within its framework.

Interaction of the Phases

In reality as well as linking and communicating forward there needs to be communication links back from the *Review* phase. Without this feedback loop your strategy plan won't be able to adapt and make the necessary adjustments in order to stay on course.

The image below shows the feedback loops and, to help you visualise, I've shown the four phases as a (non-realistic) sequential process.

It's important that the findings during the *Review* phase don't feedback to the *Deliver* Phase but to the *Think* and *Plan* phases.

Key Points

Give yourself and your people enough time to thoroughly carry out the *Think* and *Plan* phases. As well as needing to ensure you set the right goals and means for achieving them, the process is invaluable for helping you step away from your business and look at it from a distance.

The bigger your team the longer the *Plan* phase should take as you give your people the opportunity to give their views and the benefit of their experience.

Do not rush or skip over regular review meetings. These meetings, and feedback of the findings, are crucial to maintaining course and keeping teams motivated and focused.

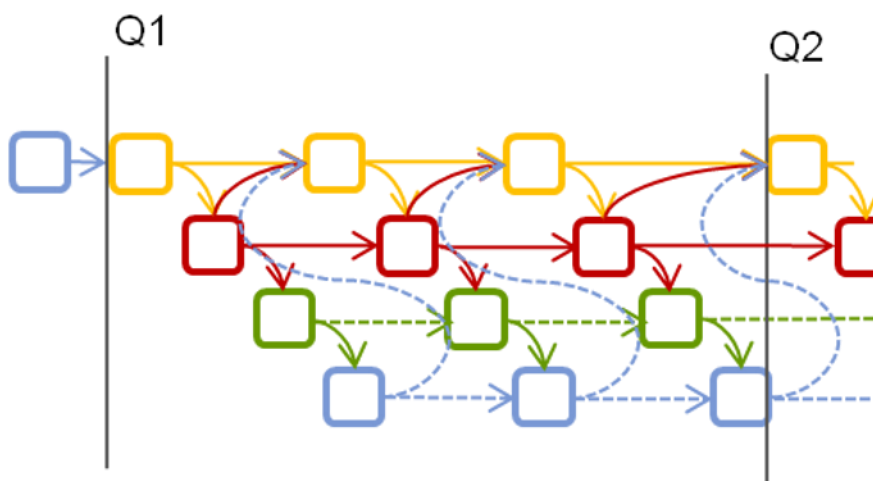


Discipline is vital for the system to work and any changes that the review findings deem necessary must be made in the *Think* or *Plan* phases and fed forward to the *Deliver* phase and not made directly in the *Deliver* phase. Feeding straight back to the *Deliver* phase will create a gap between the strategy plan and what is actually being done.

There is also a feed forward path from the *Review* phase to the next *Think* phase to illustrate the importance of passing what you have learned forward to the next year and the new strategic planning cycle.

The Big Picture

Looking at the strategic planning flow from a higher level, the next image shows the flow for the first quarter of the plan, with each column of boxes representing a month.



Key Points

At the start of the journey show the plan to everyone. Show what you aim to achieve, how it will be achieved and the schedule of review meetings to ensure its on track. Put the system at the heart of your business.

As the year progresses the *Review* phase should adapt. A Q1 review should highlight any revisions to the initial plan that may be required. Q2 and Q3 reviews will be focused on the major milestones. Whilst Q4 reviews will be looking at what can be learned and passed forward to the next year.

At the start of the year establish a timetable of short monthly and longer (off-site) quarterly review meetings. Make sure those who cannot attend particular meetings assign a colleague to represent them.

Do not adapt what you are doing or trying to achieve without first adapting the *Think* and/or *Plan* phases of your strategy plan. Everything you do must link to the plan.

The solid lines connecting the boxes show the flow if all is going according to plan. Notice that there are lines of flow from the *Review* boxes to the *Think* box and from the *Think* box to the *Plan* box. These are shown to simply highlight that the results of the review should be in line with the goals and objectives.

In reality, these goals and objectives will be detailed in your scorecards and planning tables so you shouldn't need to actually return to the *Think* and *Plan* phases but simply discuss progress during the meeting. This is shown as the red link from the *Review* box to the *Deliver* box.

If, however, a review meeting highlights a milestone has been missed or an unexpected event has happened or action taken, then the findings do need to be fed back to the *Think* and *Plan* phases to decide what action to take and if the strategy plan needs to be adapted. In this situation the *Think* and/or *Plan* phases are revised and the new action plan passed to the *Deliver* phase as shown by the dotted blue line.

This might look a little complicated but it simply shows the need to feedback findings and adapt the plan as necessary.

Ideally senior managers should carry out weekly checks of progress and act on any urgent issues that arise. Monthly meetings should then be held to review progress and report back up the chain.

This is not a hard and fast rule but a guideline. However, if you wait for the quarter end before you review progress to learn from what is happening in your business, you may find milestones have been missed two or three weeks back and it is that much harder to get back on plan.

As you enter the fourth quarter of your company year (or possibly sooner for large corporations) you need to begin preparing the new goals and objectives for the next year. You may be able to make minor changes to the current plan at this late stage but the priority should shift to one of learning. You therefore, need to pass your findings from the year, and the rest of the fourth quarter, to the new *Think* phase and learn from what has happened to help set the new goals.

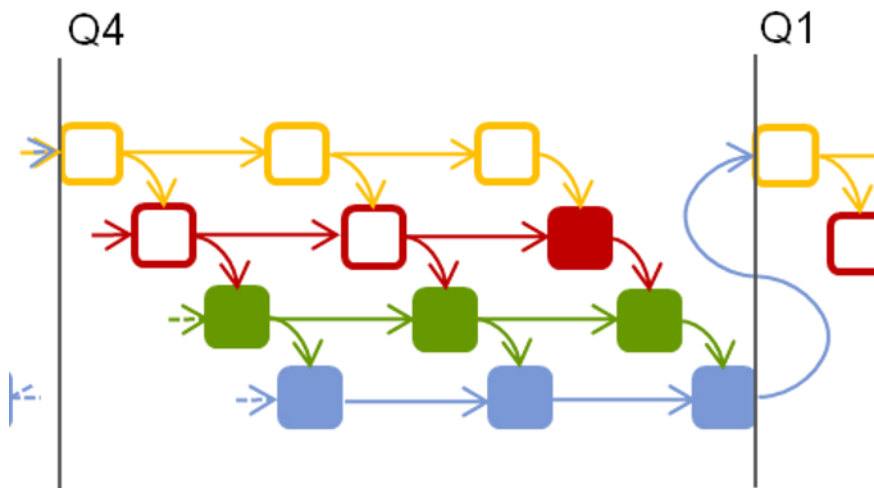
Key Points

To keep the flow of the system working effectively a set of hierarchical planning tables and scorecards are vital.

Planning tables set out the objectives, means, targets and responsibilities. They can be hierarchical as large projects are broken down into set tasks.

Balanced scorecards will show progress throughout the year. A dashboard of key metrics will give you a 30,000 feet view your company's performance.

Your goals and hence your strategic planning system will work best if it works in line with the processes rather than the functions in your company.

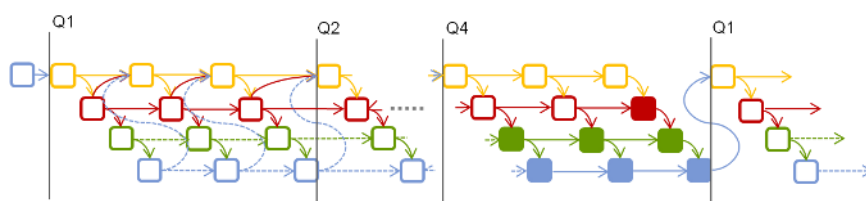


In this fourth quarter image, the solid boxes represent the new learning and creating stage of the strategic planning cycle, in preparation for the start of the next company year.

To emphasize the learning priority over trying to change the direction of the current plan in its final stages, this image shows no lines from the *Review* or *Plan* boxes back to the Deliver box.

The final *Review* box is solid to represent the final assessment of the year. This will be a high-level review of the accomplishments of the year; an assessment of what worked, what didn't work and what can be learned from the findings.

The complete annual cycle looks like this:



Making it Work

A successful company is built on coherent strategic planning and great leadership. To make the system work the right leadership skills and attributes need to be present.

There needs to be a positive **attitude** to the strategy plan and strategic planning system. Everyone involved, at all levels, needs to appreciate the importance of the plan and system and their responsibility in making it work.

Key Points

A process-based strategy plan requires cross functional teams to manage the smooth transition of the processes between the functions.

The priority of the findings in Q4 should be to learn and should be used to help create new and challenging goals.

Strong leadership is key to making your strategic planning system work.

If managed well, your system will not only help you stay on course to meet your goals but will motivate your teams to do their best.

Everyone involved in the business must know how their efforts contribute to the success of the plan.

Strong **communication** is vital to ensure this attitude towards the plan is in place. The key elements of the plan, the reasoning behind them and the potential rewards success could bring, should be made clear to all in the company.

It is important to make sure that progress is monitored, reviewed and fed back regularly enough for the plan to adapt if necessary. This will require **discipline** to set and manage progress and review meetings efficiently. Key Performance Indicators (KPIs) should be set that only relate to meeting the milestones and targets in the plan.

All involved in achieving the targets need to be **empowered** to be able to put forward their views on how to achieve them and feedback possible suggestions for improvement.

Leaders at all levels need to **engage** with their teams and foster an atmosphere of **openness** so that issues and 'mistakes' can be reported without fear of retribution. Any issues should be viewed as an opportunity to learn, adapt and improve rather than as failure.

Last Word...

Strategic planning is a vital building block for long-term business success. To get it right it is vital that an effective system is established and implemented.

If you don't have a system then make it a priority to get one established. The [Strategic Planning Overview](#) covers the key elements in more detail. Don't try to be too ambitious in the first year of building a working system but test it out with a handful of goals.

If you have a system in place then review it to make sure it works as effectively as possible. Download the [Strategic Planning Health Check](#) tool to make sure you cover everything and see where your system can be improved.

With a working system you are likely to set and achieve more ambitious goals, your business will move forward with far more control and your people will understand better how they contribute to the success of the company and be motivated to give you their best.

If you need help with setting up a strategic planning system, or if you have any questions, then drop us an [email](#) or call **01296 334575** for a no obligation chat.

Key Points

The plan is not just for you and your people. Share it with, and take input from, your key customers, strategic partners and other stakeholders.

As your people embrace and work within a strategic planning framework and cycle, you will see every aspect of your business run more efficiently.

Bring out the leader in all your people by giving them the big picture, how their contribution matters and by empowering them to have a say in how to achieve the goals you set.

With a coherent system in place there will be fewer surprises, control will be evident throughout and yours will be a company people will want to work for and which others will envy.