

Keeping Your “I” on Growth Planning

A good strategic growth plan transcends growth charts and budgets to explore innovative avenues for beyond-incremental growth.

Faced with the traumatic economic and geopolitical events, most companies have focused their business planning almost exclusively on driving efficiencies through every component of operations. Others are overly distracted by the quest to meet quarterly forecasts, which may appease investors, but hinders the organization’s ability to build sustainable long-term growth. Having exhausted opportunities to shore up the bottom line, many are looking for new opportunities to grow their way out of this tough market.

Long-term strategic planning is once again popping up on the CEO agenda. And the traditional, often arduous, exercise of strategic planning has been called into question. Before asking their organizations to create a plan that is at risk of becoming irrelevant before it is distributed, companies are looking for better ways to achieve positive results from their planning efforts. Yet the planning process does not need to be painful in order to work.

With the right approach, strategic planning can be more efficient, more effective, and far less cumbersome than the current annual drill experienced in corporations everywhere. Bridge Strategy Group has worked with organizations of all sizes in a range of industries to chart courses for growth that can be successfully navigated. Through our experience, we have identified what we call The Five ‘I’s of Strategic Planning: 1) Intelligent, based on a solid fact base; 2) Innovative, breaking from tradition; 3) Integrated, involving stakeholders from across the organization; 4) Iterative, planning continuously; and 5) Implementable, designed for action.

1 – Intelligent

Just as facts and data drive good decisions, they also drive strong strategic plans. A strategic growth plan should begin with a strong fact base. The fact base should encompass timely market and competitive intelligence, as well as knowledge harvested from across an organization. Sometimes, simply assessing projects currently underway

or scheduled can yield interesting—even surprising—information about your organization’s priorities. It can also help you weigh the opportunity costs of developing a new product, launching a new initiative, or penetrating a new market. With the wealth of data available these days, there is no excuse for having stale intelligence.

2 – Innovative

Projecting a timeline for organic growth isn’t strategic planning—it’s forecasting. The challenge, and opportunity, in creating a strategic plan is to incorporate history without being restricted by it. A good growth plan should transcend growth charts and budgeting exercises to explore innovative avenues for beyond incremental growth.

So how does innovation enter the strategic planning process? First, innovative ideas and concepts must be generated. Facilitated sessions, brainstorming, and focus groups are excellent techniques to generate and form ideas; however, these approaches are only effective if new ideas are infused into the process. Often, work must be done ahead of these sessions to create the innovation fuel.

Innovation fuel can be harnessed from a variety of sources; the key is to be creative and cast a wide net. Innovation can come from a scan of emerging technologies and patterns of adoption – e-procurement, for example, could change the way you work with vendors and others in your supply chain. As another source of innovation fuel, we’ve often introduced practices in one industry to stimulate innovation in another. Following on the heels of change in banking, the travel industry used pricing to stimulate on-line activity, resulting in an increase in profitability per transaction. Similarly, loyalty programs pioneered in the credit card business are making their way into businesses with similar underlying economics, such as wireless. The lesson learned is that innovation doesn’t necessarily mean something brand new; it often means applying an existing idea to a different problem.

Once the innovative idea is generated,

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collaboration sessions can be used to sculpt and evolve ideas into workable strategies. These strategies can then be validated with key stakeholders, including internal constituents and customers, using a range of approaches, from informal discussions, to focused research, to in-market pilots.

For those willing to accept the risks of innovative growth planning, the rewards can be substantial. Consider the successful transformation at Nissan Motor Company under the leadership of Carlos Ghosn. After some initial cost cutting measures that bucked traditional Japanese business culture, Ghosn charted a course for growth called the NISSAN 180 plan. The plan calls for sales of 1 million additional units in three years, while achieving an 8 percent operating margin and reducing debt to zero. To deliver on these aggressive goals, Ghosn introduced a Trend's 2003 Car Of The Year. With cutting edge designs, packed with features and options, and priced competitively, Nissan successfully realized their growth goals, thereby rising from the brink of disaster to become one of the world's most profitable auto companies. The Nissan transformation shows the value not just in innovation, but also in moving beyond cost cutting to find ways to grow to greatness.

3 – Integrated

A lot of executives will go through the planning process and then wonder why their plans are not embraced and executed by the rest of the organization. We find that plans created within the confines of the executive suite tend to stay there. To be successful, a strategic planning process must be integrated.

Integrated planning means bringing all the various parts of the organization into the process. It requires business units and their functional counterparts to collaborate throughout the process. Too often, we hear stories about marketing designing a product that engineering cannot build or sales cannot sell, or a leadership team touting new technologies that the company's infrastructure cannot support. A strong cross-organizational approach will deliver a plan that incorporates each unit's strengths and priorities.

However, it is unrealistic to involve everyone throughout the entire process. Care must be taken to assign accountability and decision-making authority among key leaders in the organization, and to form a core planning team.

4 – Iterative

The best way for companies to increase planning success—and decrease the pain often associated with the process—is by doing it continuously. By engraining the process and associated steps into the way you do business, you can create a cultural shift around planning. This shift makes it possible to update the strategic plan without having to take time away from other priorities to drag people through the dreaded annual cycle.

Of course, building planning efforts into daily operations is easier said than done. One of the most effective ways to ensure the strategy is embraced is to implement compensation incentives that reward participation in the process.

Keep in mind that creating the first version of a solid strategic growth plan will require a substantial time commitment. We recommend starting with a three-year plan, updating the fact base on a quarterly basis, and refreshing or reprioritizing the initiatives in years two and three. Some changes will take up to five years to complete, so the iterative approach will help carry these initiatives forward and evaluate them on an ongoing basis.

5 – Implementable

The goal of the strategic planning process is not completion—it's action. Too many organizations devote time and effort to create a plan that sits on a shelf in the CEO's office until it's time to revise it again. If you design your strategic plan as a living, changing playbook, it will get used again and again, and updating it will become a natural part of the process.

Good strategic plans target actions at several levels—quick hits, incremental change and transformation. Obviously, the goal is to move toward transformation over three years, five years, or whatever timeframe is best for your organization. But getting there requires incremental change, and it also should include some quick wins to keep people interested and engaged in the process. Think of it as if you're driving across the country with children. Finding points of interest along the way can go a long way to quelling the chorus of "Are we there yet?"

The 'I's Are the Gateway to the Soul of an Organization

Planning for strategic growth should be hard. It should include open discussions and tough decisions about goals and agendas. Charting a course for an organization's future is inherently difficult, but when the process itself adds to the burden, it's no wonder executives tend to avoid the issue or check out.

At Bridge Strategy Group, we work side-by-side with clients as they move through the strategy planning process, so we see firsthand the challenges it holds. Our goal is to help streamline the process, and to keep an organization's stakeholders focused on the ends and not the means.

Focusing on a proactive, rigorous and comprehensive approach to strategic planning is critical—both for achieving sustainable competitive advantage and for delivering increased shareholder value today and tomorrow. Beware of the risks involved with taking your 'I' off strategic planning. You may well find that you see nothing but your competition running in front of you with your customers chasing them.

Bridge Strategy Group is an elite, experience-led general management consultancy committed to helping our clients rapidly improve their business performance.

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