



III. STRATEGIC DEVELOPMENT

**OUR PLANS MISCARRY BECAUSE
THEY HAVE NO AIM. WHEN A MAN
DOES NOT KNOW WHAT HARBOR HE
IS MAKING FOR, NO WIND IS THE
RIGHT WIND.**

SENECA (4BC - AD65)



**III. STRATEGIC DEVELOPMENT
STRATEGIC PLANNING MODELS**

II.A

Strategic Development

Strategic Plan Development is summarized in the following topic areas:

- **Strategic Planning Models**
- **Business Environmental Analysis**
- **Strategic Plan Deployment**



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Strategic Planning Models

Rank, from highest to lowest priority, the following items and be prepared to justify your choices:

- **Policies**
- **Goals**
- **Strategic Intent**
- **Strategies**
- **Activities**
- **Mission**
- **Values**
- **Vision**
- **Objectives**
- **Projects**
- **Principles**
- **Tactics**
- **Plans**
- **Procedures**
- **Instructions**

The exercise may be tedious but it does indicate that there is considerable confusion regarding strategic management terminology.



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Strategic Planning Models (Continued)

Harrington states the three main purposes for articulating a business plan are to set direction, to establish expectations, and to define actions.

| Purpose | Outputs | Time Frames |
|-----------------------------------|---|--|
| Direction | <ul style="list-style-type: none"> • Vision(s) • Mission • Strategic Focus • Critical Success Factors | <ul style="list-style-type: none"> • 10 - 20 Years • Open - ended • 5 Years • 3 Years |
| Expectations (measurables) | <ul style="list-style-type: none"> • Business Objectives • Performance Goals | <ul style="list-style-type: none"> • 5 - 10 Years • 1 - 5 Years |
| Action | <ul style="list-style-type: none"> • Strategies • Tactics • Budgets • Performance Plans | <ul style="list-style-type: none"> • 1 - 5 Years • 1 - 3 Years • 1 - 3 Years • 3 - 12 Months |

Strategic Planning Elements and Timing



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Strategic Management Defined

Strategic management bases all actions, activities and decisions on what is most likely, within an ethical framework, to ensure successful performance in the market place.

Strategy Defined

A strategy can be a single or set of long term plan(s) or policy(ies). Mintzberg defines strategy in several ways:

- An approach to use resources within the constraints of a competitive environment in order to achieve a set of goals**
- A plan or course of action into the future**
- An organization's perspective or way of doing things**



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Strategic Planning Defined

Drucker states that strategic planning is the continuous process of making present entrepreneurial decisions systematically and with the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions; and measuring the results of these decisions against the expectation through organized systematic feedback.

Strategic Thinking

Strategic thinking is the process of considering the same key issues and concerns that the CEO and upper management use to help shape and direct the organization's future. Issues, concerns, and decisions that fit within the scope of this future are taken and implemented. Those that do not fit the direction of the future are not included.



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Strategic Thinking (Continued)

H. James Harrington's criteria for evaluating a company as a loser, survivor, or winner includes:

- **Return on assets (ROA)**
- **Value added per employee (VAE)**
- **Market share**
- **Customer satisfaction**

Desirable conditions include:

- **A ROA of 6% or greater**
- **A VAE above \$74,000 ***
- **A high rating from at least 76% of your customers**
- **A greater market share increase than your competition**

*** The VAE should be adjusted for inflation. (It may be double this figure now).**



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Strategic Planning

Strategic planning starts with the collection and arrangement of facts and information from the strategic thinking process. Planning includes an analysis and organization of key items, plus a logical implementation plan.

The strategic planning process should include:

- **Develop a vision and statement of purpose**
- **Review previously gathered environmental data**
- **Consider corporate strengths and weakness**
- **Make assumptions about outside factors**
- **Establish appropriate goals**
- **Develop implementation steps**
- **Compare performance to goals**
- **Reevaluate the above steps for perpetual use**



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Strategic Planning

The traditional specific strategic planning steps include:



The Strategic Planning Process



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Develop the Vision

A vision statement should be:

- **Easily understood by stakeholders**
- **Clear and comprehensive in meaning**
- **Both challenging and attainable**

Develop the Mission

The mission describes who the organization is, what it does, and where it is going. The mission defines the purpose of the organization.

Guiding Principles

An organization's guiding principles provide the framework within which it will pursue and achieve its mission.



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Broad Strategic Objectives

Broad objectives have the following characteristics:

- **Focus on a single issue in easily understood terms**
- **General enough to not require frequent rewrite**
- **Show what an organization intends to accomplish**
- **Support the organization's mission statement**
- **Aligned with the organization's principles**
- **Usually restricted to a maximum of 5 to 8 items**

Tactical Objectives

Tactical objectives are detailed activities that will achieve the broader strategic objectives.

Scenario Planning

When developing strategic plans, best and worst case scenarios should be considered. Once the different scenarios are visualized, appropriate contingency plans can be developed.



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Strategic Planning Models (Continued)

IATF 16949

IATF 16949 incorporates the ISO 9001 standard in its entirety with additional automotive industry specific requirements. Included are: production part approval process, specific actions and forms to detail how a supplier must meet requirements, demonstration of manufacturing capability, and continuous improvement features.

ISO 9001:2015

ISO 9001 provides the following basic coverages:

- **Confidence that quality system requirements are in place**
- **Periodic surveillance audits and management reviews verifying continual compliance**
- **Assurance that product quality meets requirements**

A summary of ISO 9001:2015 is included in the Primer.



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Strategic Planning Models

Baldrige Performance Excellence Program

The BNQP Criteria provides a driving force: Total Quality Management. The core values and concepts for the BNQP are based on:

- **Visionary Leadership**
- **Customer Driven Focus**
- **Organizational and Personal Learning**
- **Valuing Employees and Partners**
- **Agility**
- **Focus on the Future**
- **Managing for Innovation**
- **Management by Fact**
- **Public Responsibility and Citizenship**
- **Focus on Results and Creating Value**
- **Systems Perspective**



III. STRATEGIC DEVELOPMENT II.B.1
BUSINESS ENVIRONMENTAL ANALYSIS/SWOT ANALYSIS

Business Environmental Analysis

Business Environmental Analysis is summarized in the following topic areas:

- **Risk Analysis**
- **Market Forces**
- **Stakeholder Analysis**
- **Technology**
- **Internal Capability Analysis**
- **Legal and Regulatory Factors**