

## BRIEFING NOTES

## Strategic Planning versus Strategy Making

In our work with organizations across sectors and industries, we have often seen the need to highlight the critical distinction between strategic planning and strategy making. The former aims to be comprehensive but often—in the pursuit of an integrated plan that neatly ties to the stated vision and mission and creates consensus—suppresses rich differences of opinion and potentially compelling, divergent growth ideas. Along similar lines, a company's strategic development process can often become unduly influenced by the latest disruptive planning tool, recent technology-driven simulations or data analytics, and/or other promised enhancement which, if not held in check, end up stifling rather than stimulating debate of real strategic options.

In our experience, well-intentioned corporate-driven strategic planning processes can inadvertently constrain open and organic ideas exchange among the most critical stakeholders. Instead, for the sake of expediency and efficiency, it advocates “no re-creation of the wheel,” adherence to a common “standard work method” across segments (no matter how dissimilar), and an output of clear modeling assumptions that will ensure an updated cash flow projection for a board. These are of course very helpful process steps. But, taken collectively, these forces can shift focus away from the critical strategy thinkers and value creators: those closest to the customer who are working daily to create value, to build brand and distinction, and to continually improve a business model to deliver continuous, sustainable growth.

We know that effective planning processes need to tap into the voices of the powerful influencers deep within the business whose unique perspectives must be mined during strategy development efforts. This can include experienced new hires, customers, competitors, and even skunkworks innovators. Many of these stakeholders will be critical to execution and course correction as organizations rethink themselves. Above all, what must be avoided in a strategic planning process is for the focus and energy to shift away from **the actions to be taken and by whom** to the **document or planning process itself**.

Lastly, many speak about the challenge of implementation, where a strategy effort fails without the thought alignment and engagement of those who will be integral in its execution. Involving key leaders, informal and formal, in *making* the strategy greatly improves the chances of effective implementation, not only because they have been given a voice but also because their involvement in debating alternatives will provide them greater insight into competitor motivations, potential alternatives when needing to course correct, and strategic line of sight when faced with critical decisions.

## Vital Strategy Conversations

*Such conversations have the following features:*

- ▶ They are issue-oriented.
- ▶ They have implications both for near term- and longer-term action.
- ▶ They are informed by emerging strategic themes, outside perspectives, and internal pilots.
- ▶ They consider and work on the important company tensions; for example, do we continue to grow sales with our leading customer even though our concentration is approaching 50%?
- ▶ They focus on and help make explicit the “mental models” that people have of a presenting situation.
- ▶ They ensure that the collection of data is based on hypotheses, and that all research work is hypothesis-driven.
- ▶ They create a climate of safety within which people feel free to express their interests.
- ▶ They are informed by a historical perspective—not in the sense of protecting traditions, but in the sense that any thoughtful group can learn from its history of past efforts.
- ▶ They make use of disinterested outsiders, the voice of the customer, and simulated competitor actions to provoke and evaluate options and choices.
- ▶ They make use of multiple forums with diverse perspectives. Deliberations are stitched together across a “moveable feast” of conversations and dialogues.
- ▶ They frame up real choices in the context of constrained resources.

Our experience is that in creating vital strategy discussions, the details, the settings, and the timing really do matter. Less PowerPoint presentations, more broad engagement, more use of innovative analytics to engage diverse perspectives. One of the occupational hazards of formal strategic planning is that both participants and leaders treat these conversations as ordinary—or, even worse, as ritual that can consume much more of the scarce attention and time than the value that they actually deliver.

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