

What Is Strategic Development?

ManagementXP



What is Strategic Planning?

Overview of strategic planning.

A key function of Management is to determine the direction and scope of the business/organisation over the longer term. This is usually reviewed on a 3 or 5 year basis through a process called strategic planning.

What is strategic planning?

Strategic planning is the process of:

- clarifying what the business/organisation is about.
- deciding what is and is not a priority for the use of resources.
- analysing the internal and external environment.
- considering how best to deal with upcoming changes and transitions.
- setting out a clear direction; and
- setting concrete goals for the future.

Strategic planning involves looking at the business/organisation as a complete entity and is concerned with its long-term development. This involves looking at what the business/organisation was set up to do, where the business/organisation is now, determining where you want to get to, and mapping how to get there.

The strategic plan should be summarised in a written document to ensure that all concerned are clear regarding the aims and objectives the organisation is working towards.

How to develop a strategic plan

Strategic planning involves looking at the organisation as a complete entity and is concerned with its long-term development.

Developing the plan is a process that may involve discussion with a number of different stakeholder groups and should take place over a period of time. Whilst it is important to document your plan in written form to provide consistent guidance and a reference point for the business/organisation, this should remain an active process. Your plans should be regularly reviewed to ensure that you are able to anticipate and adapt to challenges and changes in the internal and external environment.

There are a number of key stages in developing your strategic plan:

1. Determine who should be involved in the process and at what stage?

The first stage in development of a strategic plan for the business/organisation involves determining who needs to be involved in the planning process.

It should involve as appropriate:

- those who will be implementing the plan (e.g. management, staff, volunteers).
- those who will be affected (e.g. members, users, etc.).
- those who will monitor its implementation (e.g. Management, staff); and
- others who can contribute to its development (e.g. community activists, funding bodies, etc.)

When the Management Committee has decided who will be involved, it is necessary to decide at what level and how different stakeholders will contribute to the organisations planning for the future. There are many different ways stakeholders can be involved, such as:

- an open day with a number of workshops.
- a series of consultation meetings with specific groups.
- a call for written submissions.
- a questionnaire; and
- a steering group made up of a range of stakeholders.

A combination of these approaches is likely to ensure that all groups/stakeholders have a say in developing the strategic plan.

2. Analyse where the organisation is now

Those involved in the strategic planning process must start with reviewing the present circumstances and characteristics of the organisation.

In order to plan for the future, you first need to reach a common understanding of the present circumstances. To answer this question, you will need to focus discussions on two key areas, analysing the external and internal environment; and reviewing (or developing) the vision, mission and values of the organisation.

2.1. Analysing the External and Internal Environment

Strategic planning is about having a clear direction to steer towards but also being able to respond to changes as necessary. To do this your organisation needs to have information about the challenges, opportunities and future trends, inside and outside.

So, whether your organisation is just starting up or already established, the first step in the planning process is to assess the external and internal position of an organisation.

A SWOT analysis is used to identify:

- S - Strengths (internal)
- W - Weaknesses (internal)
- Opportunities (external)
- T - Threats (external)

Strengths and weaknesses primarily focus within the organisation. Opportunities and threats are primarily outside the organisation. This analysis of the environment allows the organisation to take this into account when planning for its future.

Sample SWOT Analysis for XYZ Bookstore

This SWOT analysis provides a snapshot of XYZ Bookstore's internal strengths and weaknesses, as well as external opportunities and threats.

STRENGTHS

What the organisation is good at and is doing well e.g.

- Diverse Book Selection - XYZ Bookstore boasts an extensive and diverse collection of books, spanning various genres and catering to a wide range of reader interests.

- Knowledgeable and Friendly Staff - The bookstore takes pride in its well-informed and approachable staff, creating a welcoming atmosphere for customers seeking recommendations and assistance.
- Strategic Location - Situated in a high-traffic area with proximity to popular coffee shops and cultural venues, the bookstore benefits from a strategic location that attracts foot traffic.
- Loyalty Programs and Discounts - Implemented customer loyalty programs and frequent buyer discounts enhance customer retention and incentivize repeat business.

WEAKNESSES

What the organisation is not good at, and which are not going well e.g.

- Limited Online Presence - The bookstore's online presence is limited, with a basic website lacking e-commerce functionality. This restricts the ability to tap into the growing market of online book sales.
- Dependency on Foot Traffic - Reliance on foot traffic may pose a challenge during slower seasons or unforeseen circumstances (e.g., pandemic-related lockdowns), impacting overall sales.
- Competitive Pricing - While the bookstore offers a unique selection, its pricing strategy may be perceived as slightly higher compared to online retailers, potentially deterring price-sensitive customers.
- Limited Non-Book Merchandise - The store's offerings primarily focus on books, and there's a limited selection of non-book merchandise or gift items, missing out on potential revenue streams.

OPPORTUNITIES

Events and trends which are favourable to the organisation e.g.

- E-commerce Expansion - Investing in a robust e-commerce platform can broaden the customer base beyond the local community, tapping into a global market of book enthusiasts.
- Partnerships with Local Authors - Forging partnerships with local authors for book signings, events, and exclusive releases can create a sense of community and attract avid readers.
- Diversification of Merchandise - Introducing a wider range of non-book merchandise, such as literary-themed accessories, stationery, and gift items, can increase overall sales and enhance the shopping experience.

- Digital Marketing Campaigns - Implementing targeted digital marketing campaigns, including social media promotions and email newsletters, can elevate brand visibility and attract a broader audience.

THREATS

Trends or events that are unfavourable to the organisation e.g.

- Online Retail Competition - Intense competition from online retail giants poses a threat, as customers increasingly opt for the convenience of purchasing books online.
- Economic Downturn - Economic fluctuations or downturns may impact discretionary spending, leading to reduced consumer budgets for books and related products.
- Changing Reading Habits - Evolving reader preferences, such as the rise of e-books and audiobooks, could result in a decline in traditional print book sales if not addressed through innovative offerings.
- Pandemic-Related Challenges - Ongoing or future disruptions, similar to those experienced during the COVID-19 pandemic, may impact in-store operations and foot traffic.

2.2. Reviewing the business/organisation's vision, mission and values

Your SWOT analysis will provide key information on needs, priorities, problems and opportunities. On the basis of the needs identified, your organisation may need to redefine (or define) its vision, mission and values statement. These statements reflect what the organisation plans or aims to do over the next 3 to 5 years. It is really important that each element of the SWOT analysis is used to consider what the future priorities for the organisation should be.

3. Discuss where the organisation wants to be

Having reviewed your current situation and the challenges and changes which will affect your future development, the next stage in strategic planning is to come to a common agreement regarding what the future should look like. To answer this question, you will need to clarify your priorities for the next 3 to 5 years; your strategic aims (long-term goals); and how these will help achieve your mission.

3.1. Your priorities for the coming period

Identify and agree your main priorities (e.g. services and key areas of work) for the period of the strategic plan (usually 3 or 5 years). These priority areas should emerge from your SWOT analysis of your internal and external environment and their effect on your organisation's future.

3.2. Strategic Aims

Identify and write strategic aims (goals) for the organisation. Strategic aims are broad statements of what the organisation hopes to achieve.

They should:

- help achieve your mission.
- be limited in numbers (i.e. 4 to 10).
- show clear direction; and
- be measurable.

4. Determine how the organisation is going to get there

The next step in developing a strategic plan is to work out how to get from where the organisation is at present, to where it wants to be in the future.

Creating a roadmap for achieving the strategic objectives will involve the management committee in setting objectives; resourcing the organisation; agreeing or approving operational/work plans; and ensuring appropriate systems and structures are in place.

4.1. Setting Objectives

Your objectives outline how each aim will be achieved. They should be SMART:

- S - Specific
- M - Measurable
- A - Achievable
- R - Realistic
- T - Time bound

Your SMART objectives will guide the organisation on:

- What will change or be achieved? What impact do you want to make?
- In what way? By how much?
- When? By what date?

Your objectives must relate to the strategic aims. It is important to check at this stage that all factors, internal and external, which have a bearing on the objectives set for the future work, have been taken into account.

4.2. Resourcing the Organisation

The Management Committee and those involved in the planning process must take into account the resource implications of the plans. They must review what is possible within the organisation's available resources and where or how additional resources could be procured. This may also highlight gaps in resources such as people required, equipment, or facilities, as well as financial limitations.

4.3. Agreeing Operational / Work Plans

The operational plan outlines the day-to-day programme of work based on the aims and practices of the strategic plan. It may also be referred to as an "action plan", "work plan" or "implementation plan". This is normally done annually. The detail of the operational plan is linked to each objective of the organisation and will provide information on:

- what will be done.

- who is responsible.
- how it will be done.
- with what resources:
 - human - volunteers, staff, users, management
 - physical - premises, location, equipment
 - financial
- what success will look like or what targets should be reached.
- how will impact be measured?

4.4. Ensuring Appropriate Systems and Structures

The organisation needs to ensure that the necessary structures are in place to facilitate the implementation of its aims and objectives. The structures include the shape of the organisation, the roles within it, the rules, procedures and policies, and management structures. They should define who is accountable, to whom and for what.

The organisation may need to plan for changes and developments in its existing structure as a result of its future priorities and aims.

This may involve reviewing, for example:

- how staff, volunteers and management are organised.
- resources such as money, equipment, premises; and
- training requirements.
- how outcome measurement will be built in from the beginning of the work.

5. Produce a written strategic plan

Every organisation should have a written plan for its future development, documenting the outcomes of the strategic planning process. Your plan should outline how the organisation plans to achieve its aims and objectives. It should demonstrate that there is effective control and management of the organisation by including a governance section with examples of controls.

It is important that your written plan is 'bought into' by your full organisation by involving people at the earliest stages and is not merely a paper exercise.

The extent and detail of your written plan will depend on the nature and size of your group or organisation, but the following are headings to guide you in structuring your strategic/business plan:

5.1. Contents of a strategic plan document:

- Executive summary - A summary of the plan; you may wish to make this summary something you can promote outside the organisation, to build support and keep stakeholders informed.
- Introduction - The purpose of the plan; background about where the business is, in its development; brief statistics about the numbers of staff/volunteers; a description of service users (snapshot).
- Purpose - Cover the (new) mission, vision and values for the organisation – this is the backdrop for the plan; say how you use these important statements.
- Internal appraisal - Provide a concise review of the current health of the organisation; summarise the strengths and weaknesses and their implications; make sure you cover key achievements in the previous period. Ensure you provide an overview of governance arrangements.
- Future potential - Outline what the challenges are for the future (external opportunities, threats, other player potential, stakeholder needs etc.).
 - Strategic aims and priorities for change for the next three years
 - Cover the main areas of work the organisation needs to focus on for the next three years. Each objective should have key tasks and outcomes associated with it – from which you can develop annual goals and teams and individuals can develop their work plans.
- Delivering the plan (resources and timetable) - This is where you need to be convincing about the organisation's ability to resource the plan.

- Attach a budget and a 'timeline' to show when and how the strategic objectives will be met and how they will be managed (covering all the main areas of work of the organisation).

6. Monitor and review your strategic plan

The final step in any planning process is to monitor and evaluate progress. The same way as you check the signposts along a road when completing a journey, it is similarly important to check that development is on track.

The management committee should use reports against its annual operational plans to review progress towards meeting the strategic aims and objectives. Therefore, they must ensure that whoever is doing the work is keeping appropriate records so that progress can be assessed. This will involve, at the implementation stage of your plan, being clear what systems and structures are required. The things you decide to measure will give an indication of how well you're doing, hence, the name indicators or performance measures.

Before completing your plan, you need to agree how and when it will be monitored and reviewed and what information the Management Committee needs to receive in order to review progress.

When reviewing progress towards achieving the strategic aims and objectives, the Management Committee should:

- ensure that activities are kept within the parameters of the agreed strategic aims and objectives.
- ensure that activities are consistent with organisation's vision, mission and values.
- if the organisation is a charity, use the information collected to show the public benefit the charity is having; and
- keep under review internal and external changes which may require adjustments to the organisation's strategy or affect their ability to achieve their objectives.

7. Other types of plans

Management Committees may develop a number of different types of plans for their organisation and its activities.

These may include:

7.1. Operational plan

An operational plan outlines the activities and targets which the organisation will carry out in order to work towards achieving the aims and objectives set out in the strategic plan. It provides the framework for an organisation's day-to-day operations. An operational plan covers a one-year period. Your strategic plan should be supported by annual operational plans. These will often be developed by senior staff members (where there are paid staff) but must be approved by the management committee. On the basis of reports against the operational plan, the Management Committee can then review progress towards meeting the strategic aims and objectives.

7.2. Business plan

A business plan is a detailed plan showing how resources will be managed to achieve the strategic plan. It includes detailed operational and financial information such as budget projections, which indicate how the organisation will resource its activities and be able to meet its objectives in the future. Business plans often cover a 3-year period. A business plan is also used to present the feasibility of a particular new initiative.

7.3. Development plan

A development plan is similar to a strategic plan, although it is more commonly used to outline the initial development or starting up stage of an organisation. Some organisations refer to their strategic plan as a development plan, so terminology can often be confusing. Development plans often cover a 1 to 3 year period, reviewed annually.

7.4. Project plan

A project plan outlines the objectives and key activities related to a specific project area to be achieved within a specific timeframe. A project plan is often for a 1 to 3 year period.



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