Practitioner Perspectives

WOLF DEN ASSOCIATES, LLC

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Top 10 Rules for Agile Strategic Planning

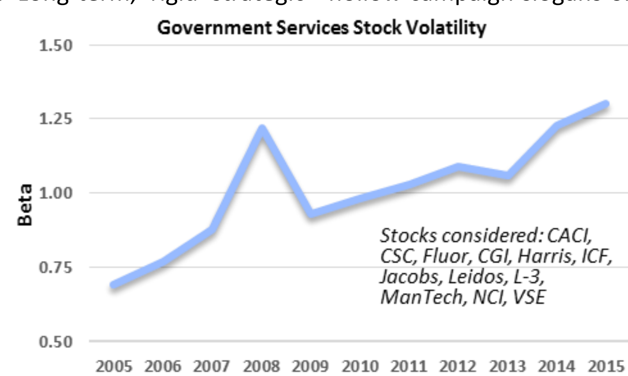
1. ***Forego the six month planning campaign in favor of shorter, incremental sprints***
2. ***Invest in situational awareness and competitive intelligence – not market size, share, and attractiveness studies***
3. ***Set a vision with goals that exploit comparative advantage and differentiation***
4. ***Allocate resources unevenly, concentrating where they can yield the highest returns***
5. ***Eschew step-by-step 100-slide decks in favor of an overarching direction***
6. ***Ensure clear communication and rules of engagement to enable tactical flexibility***
7. ***Preserve optionality and price opportunity cost into critical decision making***
8. ***Cut and run when it becomes clear competitive advantage has eroded***
9. ***Integrate bids, key hires, and M&A as interrelated targets of opportunity***
10. ***Keep moving – the state of the art in strategic planning is decidedly kinetic***

Agile Strategic Planning – Head on a Swivel

- The federal market has stabilized, but barring another catastrophic event, is unlikely to return to the salad days of the post-9/11 era
- The "New Normal" is characterized by unprecedented volatility and a lack of visibility that confound long-term strategic planning
- The current market requires an Agile Strategic Planning (ASP) approach based on lessons from maneuver warfare and game theory
- Accurate, up-to-date situational awareness of competitive positioning – not just spending trends – is the foundational element of ASP
- Speed, incremental investment, and optionality – preserving and pricing option value – are critical facets of ASP
- When seeking outsized growth, strategic planning should provide a strong foundation – but not replace – BD, capture, and proposal efforts

The Age of Uncertainty

Having weathered several rough years in the federal market, survivors are beginning to discuss growth again. While uncertainty still pervades the "New Normal," heads are popping out of foxholes with strategic plans that go beyond hunkering down and protecting the core. This optimism is undermined by contract delays, truncated periods of performance, cancellations and protests, anti-contractor (and anti-incumbency) bias, LPTA and SBSA pressures, and talent flight to the commercial sector, which render traditional approaches to strategic planning useless. Long-term, rigid strategic plans are built for conventional engagements and are ill-fitted to the guerilla tactics of today. Winners and losers in this era will be separated by how well they understand and leverage the terrain and how quickly they adopt agile, modular, opportunistic approaches to strategic planning and execution.



Beta indicates a given stock's volatility by measuring covariance with a market benchmark (in this case, the S&P 500). If beta is greater than 1.0, the stock is expected to increase or decrease by a greater amount than the corresponding movement in the market benchmark. The past decade has seen a nearly two-fold increase in weighted average beta among federal service providers.

Modern Warfare

The foundational tenets of strategic planning include market and competitive analysis, long-term goal-setting, clarity and consensus of vision, and prioritization of resource allocation. As the current market realities cause most to operate in a denied environment, the reaction from many teams is to jettison strategic planning altogether. These teams have decided that time-to-market and organic shrinkage dictate higher returns from buying than from building. They have also decided that there is more immediate value to be gained from hiring expert, outsourced consultants than from maintaining generalist employees. While these responses may not be sustainable, they have worked well when applied judiciously and foreshadow some best practices going forward. The state of the art in strategic planning has become decidedly kinetic. Shorter time horizons and modular planning efforts require targeted go-to-market strategies and aggressive portfolio shaping.

Ricardian Risk Takers

Highly specialized operators – those with special skills that are best-in-class in a given domain – are rapidly displacing conventional forces. In order to compete in this environment, companies must assess their own comparative advantage and marshal scarce resources where they can have the greatest impact. Armed with situational awareness, the best companies will shape agile strategic plans with areas of emphasis or de-emphasis, clearly defined near-term objectives, and consistent themes that permeate company culture. These are not hollow campaign slogans or marketing taglines, but the lens through which every key hire, bid, Board appointment, and M&A opportunity are evaluated. Absent a prescriptive, step-by-step, multi-year strategic plan, the strategic vision and awareness of comparative advantage become the doctrine that governs incremental progress toward corporate goals.

Targets of Opportunity

Those taking share in the current market are investing heavily in competitive intelligence (not to be confused with market data), often from outside their own companies, and flattening their organizations to drive collaboration. These companies succeed by embracing imbalanced bid strategies – investing more heavily in fewer bids – and by employing serious solution-to-win efforts to shape the evaluation battlefield in their favor. With high-level objectives supplanting didactic, piecewise strategic plans, operators must be more flexible and nimble. In order to execute effectively, management teams need accurate situational awareness, constant communication, well-defined rules of engagement, and the latitude to employ irregular tactics. However, strategic planning alone is not a substitute for robust, well-managed BD, capture, and proposal efforts. Targets of opportunity – bids, key hires, or acquisition targets – appear at unpredictable intervals and only ASP is adroit enough to adjust fire in real time.

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