

April 2013 (Vol. 2; Issue 4)

12 Characteristics of Successful Strategic Plans

1. *Guided from above, developed from below*
2. *Not constrained by preconceived notions, but not unconstrained by reality – practical and aspirational*
3. *Not a never-ending exercise; most require 6-8 weeks*
4. *Realistic and achievable – don't expect miracles*
5. *Represents the team's best thinking, not just the CEO's*
6. *Internally challenged, revised, refined, debated, and tested*
7. *Participatory process, but not just the union of everyone's recommendations*
8. *Firmly grounded in culture and values*
9. *Guides actions but never replaces opportunism*
10. *Leadership team is personally invested in the process and therefore the recommendations*
11. *Guide subsequent operating plans – not Board or shelf ware*
12. *Build esprit de corps, and galvanize a team into action*

Why Bother With Strategic Planning?

- 🐾 In periods of uncertainty and environmental stress, it is more important than ever to reaffirm your mission, vision, and values
- 🐾 Management and employees require targets and organizational goals that extend beyond current year performance plans
- 🐾 Unprecedented amount of executive turnover in the federal sector resulted in many leaders occupying new roles on unfamiliar platforms
- 🐾 The rising tide that lifted all boats for the past decade is now receding and it is critical for everyone to recalibrate their depth charts
- 🐾 Increasing scarcity of resources and competitive pressures dictate identifying areas of de-emphasis – what you will no longer do
- 🐾 Vitaly important to understand whether you are in attractive fast moving streams, or actually getting sucked out to sea in a rip current

Not Your Father's Strategic Planning

The days of mechanical, didactic, Soviet-era five year rolling strategic plans are over. Gone, too, are the guitar and Kumbayah-laden strategic planning off-sites that are longer on feelings and consensus than strategy. Joining them in the circular file are countless tomes of analysis of federal spending trends that used to suffice for strategic thinking. The current climate of uncertainty and intensifying competition requires a more agile, potent approach to strategic planning.

Elements of the prior approaches will survive (long-term goals, market analysis, and consensus), but they have to be prepared and enacted with a heightened sense of urgency.

Eyes on the Prize

Strategic planning only has value if it leads to action. The end goal is not merely to have a planning document, it is to form a consensus view of company direction that shapes ultimate resource allocation. Do not confuse setting goals with strategy. Strategy must address how those goals will be achieved. The plan becomes a *de facto* litmus test for all future investments, from key hires and B&P spend, to IR&D and M&A pursuits.

The Six Cs

Conventional wisdom dictates that strategic planning in the federal sector focus on capabilities, customers, and contract vehicles. Effective strategic planning goes beyond these primary factors to also address comparative advantage (why investment in a given area can be expected to generate attractive returns) and capture (how the investments will lead to new business). The most important factor is constraints. As with buying a diamond, unless you have limitless resources, you will have to make tradeoffs and a good strategic plan will provide an analytical framework.

Guided From Above, Developed From Below

Strategic plans cannot be edicts from the corner office or the boardroom, but they require significant guidance from above. Companies need a mark on the wall or a target at which to aim and absent that, strategic planning (and company operations) becomes a seemingly endless set of iterative functions. At the same time, strategic plans rely on accurate, real-time situational awareness. This can only be revealed by those on the front lines, the full extent of which rarely

percolates all the way up the organizational chart. The best strategic plans involve a coordinated mix of C-suite and line involvement to diagnose problems and devise optimal solutions.

Strategic planning in the current market environment requires a multifaceted approach. From a foundation of customers, contracts, and capabilities, companies must now also view their strategies through the lenses of capture, comparative advantage, and resource constraints. These additional elements require an updated approach to traditional strategic planning exercises.

One Size Never Fits All
No two companies or planning cycles are alike. Repeatable methods and artifacts are encouraged, but avoid prescriptive,

color-by-numbers approaches and be wary of anyone who suggests "that is what we did at my last company." What worked three years ago will not necessarily work today and company culture eats strategy for breakfast. Also beware the folly of following trends, as all boats are not equally suited to sail in fast moving currents.

Enterprise Value or Bust

Portfolio composition and growth are important goals of strategic planning, but must be firmly grounded in the implications for valuation. Diversification and concentration can have opposite and counter-intuitive implications for enterprise value, and not all growth is accretive. At the end of the day, management teams in the federal sector can only control who they hire, what they bid, and where they invest. Focusing on enterprise value in strategic planning provides the ultimate filter on how to marshal increasingly scarce resources to maximize return on those investments.

