



DENNISBARNHART
& ASSOCIATES

Best Practice Strategic Planning

*Helping organizations achieve and sustain superior results
through the use of dynamic performance management systems*

Best Practices Design Principles

Boston Consulting Group, a management consulting firm specializing in strategic planning has identified key design principles inherent in Best Practice processes

Key design principles for Strategic Planning⁽¹⁾

1. Ownership of plans by BUs (or Dept's) is critical to quality, relevance and success of plans
2. Planning must be issues driven
3. Insight generated by robust internal and external perspectives
4. Meaningful discussion with senior management, not documentation, improves caliber of plan
5. Strategic planning a matter of months, not years
6. Metrics and incentives aligned to support strategies
7. Well-founded strategies should remain valid beyond a single year
8. Decision-making informed by understanding of expected financial impact of strategies
9. Ensure a planning republic, not a planning democracy
10. Strategies must be communicated to all levels of the organization

Note - Boston Consulting Group developed these principles based on a benchmarking study of its "best practice" clients

Classic Shortcomings of Strategies

Implementing a Best Practice planning approach as described previously, won't guarantee robust strategies

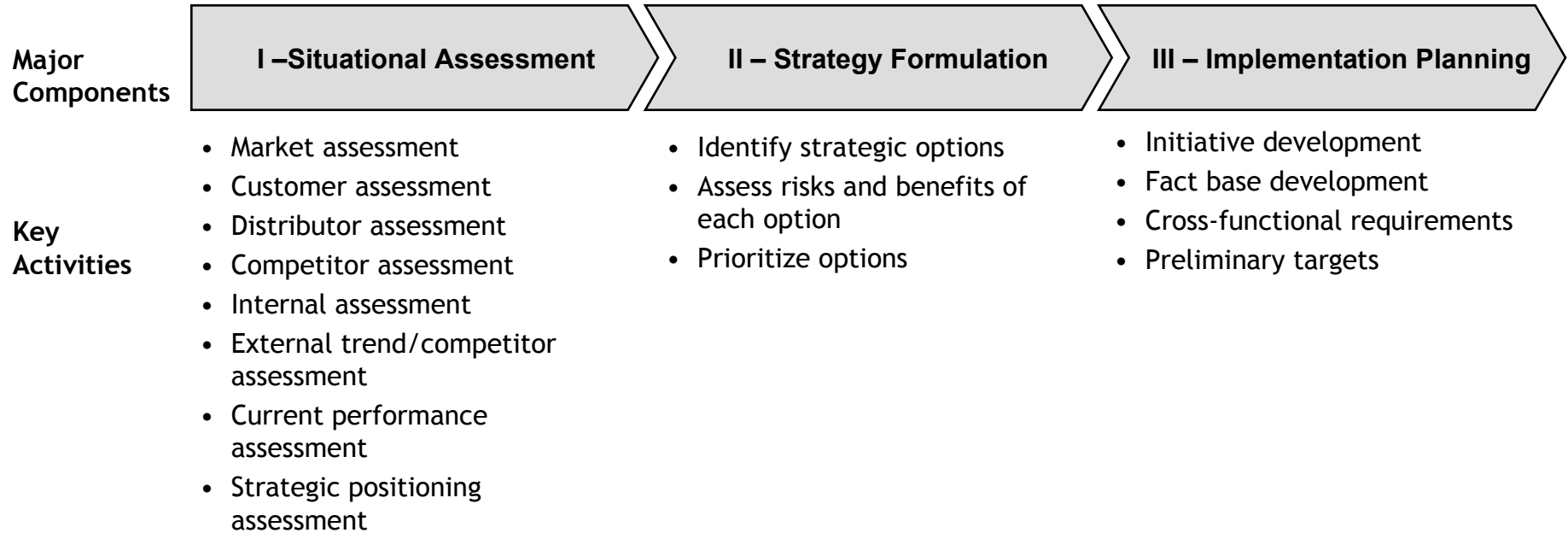
Classic Shortcomings of Strategies

- Strategies developed without analytical rigor or profound understanding of business context
- Aspirations to become top decile performer without being able to clearly articulate advantage and differences over competition
- Competitive advantages are over-stated or not based on facts
- Trade-offs rarely addressed, leaving companies to spread resources too thinly across too many initiatives
- Planning often focused on enhancing the status quo, leading firms to miss opportunities to exploit opportunities, disruptions, or anomalies in the market
- Planning becomes an annualized, form-filling, bureaucratic process, which encourages status-quo

Source: Boston Consulting Group

Strategy Development Process

The strategic plans, developed in the Plan Development phase of our process, should include three major components



Linkage between the Plan Components

The Situational Assessment provides the insight to develop a logical set of strategies that align with corporate objectives and strategic direction. Strategy Formulation will define the initiatives required to realize the strategy and forms the basis for the Implementation Plan

Strategy Development Process

Applying a structured framework to plan development will enable management to assess changing markets and to anticipate and capitalize on opportunities

