

AN ENLIGHTENED WHITE PAPER



AN APPROACH TO STRATEGIC PLANNING

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1.0 ABSTRACT

Success in today's business environment occurs when an organization's leadership has a clear vision coupled with a diligent plan to turn the ideal into reality. It is no longer acceptable to maintain the status quo. Today's rapidly changing business environment is full of unparalleled opportunities for improvements in communication, teamwork, and achieving organizational goals that have lasting impact.

Strategic planning is the process that defines an organization's vision and determines what needs to be accomplished to attain the end goal. It is the formal consideration of how resources must be allocated to achieve goals. Strategic planning helps to set goals and objectives and determines clear performance measures. It is best engaged at the business owner/executive level and requires critical thinking that challenges assumptions and produces innovative results. A high-level strategic plan focuses on the development and execution of unique opportunities that create value by facilitating a creative dialogue among stakeholders that affect an organization's direction.

More and more leading organizations rely on structured strategic planning processes to target their future goals. Strategic planning pinpoints values, sets clear goals and objectives, formulates strategy, directs execution, and provides a foundation for performance management. Previously, organizations used various methods to forecast (some call it guess work) budget needs, business expectations, work processes, and technology requirements. Unfortunately, such methods often result in obsolete technology enhancements, unrealistic forecasts, and missed targets.

There are many effective approaches to use when performing strategic planning. Determining the best approach depends on several factors such as the maturity of the organization, its leadership, complexity of the environment, time and funding, etc. A common approach is goal-based, where the focus is on the organization's vision and mission. Goals to support the vision and mission are developed, followed by strategies to meet the goals, and action plans to support the strategies. Another approach is issues-based where organizations examine the issues facing their organization and develop strategies and action plans to meet the issues.

A successful strategic plan approach requires structured analysis. There are several proven methodologies to follow when structuring your plan. One proven technique is SWOT (Strengths, Weaknesses, Opportunities, and Threats), common in technology dependent environments. Another is PEST (Political, Economic, Social, Technological) typically engaged in product and market centric environments.

The end result is a strategic plan that identifies specific goals and objectives that align resource and capital expenditures to best meet business needs and customer expectations.

2.0 BUSINESS CHALLENGE

What is strategic planning?

Strategic planning is a process used in the development of long range plans based on an organization's business needs. Strategic plans typically cover multiple years, often 3 to 5 years, but can be done more often as critical events or other environmental factors warrant.

Strategic plans are used as a management tool to provide a roadmap for improving delivered value, to align day-to-day decision making, and to communicate direction in a consistent and effective way. Effective strategic plans provide focus, ensuring that staff members work towards the same goals. They also provide the foundation for performance measurement (a critical component of strategic planning), often detailing the initiatives and targets required to meet the specific goals.

When to engage strategic planning:

Strategic planning is for any organization, large or small, that is ready to produce results through planned actions and decisions. Consider the following criteria:

1. Your goal is to produce breakthrough results for your organization.
2. Your organization has produced less than satisfactory results previously.
3. You need to prioritize spending of limited funds between several key initiatives.
4. You want to establish objective performance reporting.

How to engage strategic planning:

Strategic planning is a daunting task, at best. It takes time, long-term commitment, skilled resources, and leadership involvement from beginning to end. Strategic planning is a structured process and a creative process. It is a sequence of events that may require your organization to rethink previous decisions. This may occur multiple times before a final focus is reached. To elevate the effectiveness of the strategic planning process, consider the following:

1. Hire a skilled facilitator, strategic planner, or project manager to guide the effort. This will keep the effort focused, objective, and typically results in a strategic plan in less time than doing it yourself.
2. Manage it like a development project. Produce a project plan with milestones, timeframes, and resources.
3. Monitor your progress by instituting status reporting. Routinely communicate the status, progress, issues, and next steps.
4. Involve the appropriate stakeholders throughout the process. Strategic planning is broad-based encompassing all aspects of an organization. Using Subject Matter Experts (SMEs) within the organization and sometimes outside the organization provides invaluable insight and perspective. Stakeholders with fiscal oversight, resource management, and technology management responsibilities are examples of SMEs.
5. Executive-level commitment is a must. Full and active executive support for strategic planning is required in order to provide meaningful value setting and

ongoing performance management. The highest level executives in an organization have the vision, customer insight, and organizational perspective required to develop an effective strategic plan. Strategic planning should not occur without full executive-level participation.

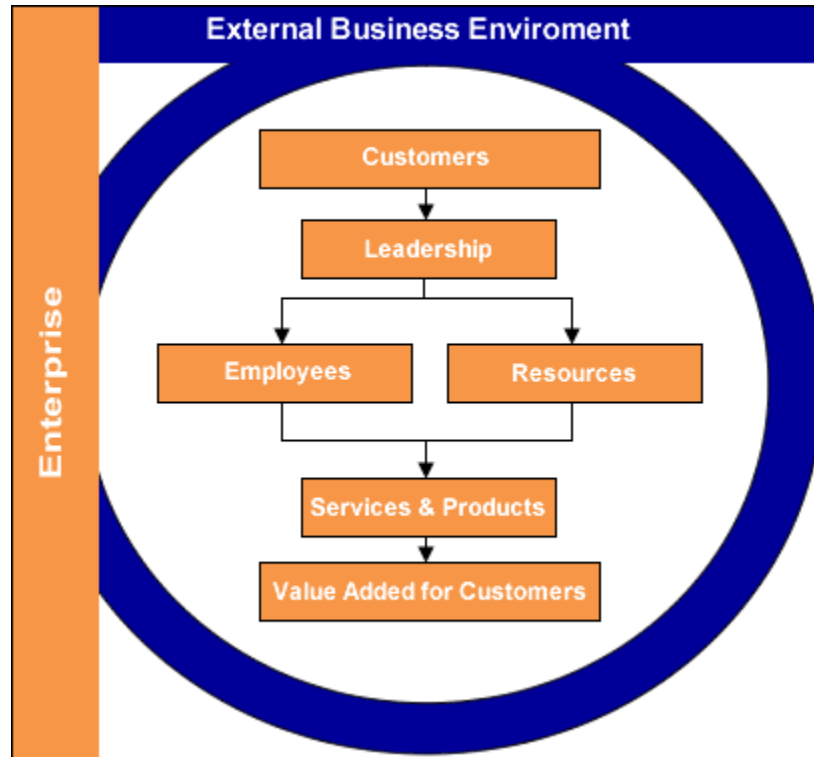


Figure 1. Strategic Planning Environment

3.0 SOLUTION DESCRIPTION

An effective strategic plan is well thought out, challenges the status quo, incorporates internal and external input, and is actionable. There are many ways to approach strategic planning. Most of them follow these basic steps:

| Strategic Planning Steps |
|--------------------------|
| Value Setting |
| Strategic Analysis |
| Strategic Direction |
| Action Planning |

1) Value Setting

Understanding where you want to go (vision), what is important to the organization (mission), and the organization's legacy (values) is the focus of this activity.

A clear vision provides the foundation for organizations to achieve extraordinary results. It is the long term direction and desired state of an organization. An organization's vision should be a compelling, motivating, and concise idea or concept. It effectively maps out the desired outcome of an organization's future. To convey its message and goals, leaders should develop vision statements to motivate the organization in a common direction.

Mission statements focus on the organization's main goal. A great mission statement clearly defines an organization's purpose and provides a baseline for setting measurable goals to achieve mission objectives.

The organization's values should include the principles and standards that the organization was founded on. A value statement should detail the history and integrity of an organization's foundation and ethical standards.

2) Strategic Analysis

For strategic analysis, the SWOT assessment is a useful method to gain direction. SWOT analysis is used to assess both internal and external environmental factors such as the following:

| Internal Factors | External Factors |
|--------------------|------------------|
| Technology | Competition |
| Business Processes | Technology |
| Funding | Regulatory |
| Customers | Economic Factors |
| Culture | Political |

Results of the analysis provide information useful in developing strategic alternatives for specific challenges. It is typically performed at the initiation of business planning and strategy formulation.

- **Strengths** – Assets that a business or organization utilizes to accomplish its vision and mission. Consider resources, skills, assets, know-how, etc.
- **Weaknesses** – Assets that a business or organization controls to accomplish its vision and mission. Consider funding, lack of expertise or skills, resources, etc.
- **Opportunities** – Viable changes in the business or organization segment that can improve your position. Consider leveraging new technologies, strategic alliances, regulatory changes, etc.
- **Threats** – Changes in the business or organizational environment that can negatively affect your position. Consider technologies used by competitors, regulatory changes, market changes, etc.

Another strategic analysis tool that is useful is PEST. PEST analysis is used to understand market growth or decline, market potential and market growth for a business. PEST helps a business to assess the external business environment. The results are used to take advantage of opportunities and to make contingency plans for threats.

- **Political** – To assess political factors, identify laws and regulatory changes that impact your business. Consider current laws, laws being hotly contested or debated, and new laws being drafted.
- **Economic** – Consider the financial and monetary factors impacting your business or organization. Is the market in a downturn or upturn? Are skilled resources available? Has the cost of doing business changed (i.e. do materials/supplies cost more or less than before)?
- **Social** – Social factors include society's view on your business or organization. For example, does the public want more or less security? Do all ethnic groups share the view of your business or organization? Demographics are key to assessing social factors.
- **Technological** – Advances in technology significantly impact businesses and organizations. The impact can be negative or positive. Obsolete technologies can lessen the public's interest in a business or organization. For example, the internet is a medium that the public relies on. Having an interactive website can significantly increase your success. On the other hand, the lack of a user friendly website can negatively impact your business or organization.

A successful strategic analysis will give you a concrete picture of your organization's capabilities. This is performed internally and externally to identify all facets affecting what you are striving to achieve. While all of these internal and external factors may not impact your organization, it is important to thoroughly analyze as many factors as possible to identify how your organization can be impacted in the future.

3) Strategic Direction

Goals and objectives are common terms associated with strategic planning. Typically, results oriented goals and objectives are often associated with desired end states and timeframes. Used interchangeably, they are not the same. Goals are broad, communicate general intentions and are abstract. Objectives are specific and can be validated.

Strategic direction is the process of identifying the specific efforts required to achieve your organization's goals and objectives. This is often communicated in terms of projects, programs, products, etc. and includes specific performance results to achieve. The action plan is an ideal tool for performance management, budget management, and resource management.

4) Action Planning

Action plans specify the actions needed to address each organizational issue, achieve associated goals and objectives, and identify the appropriate resource to complete each action and establish a timeline. An overall, top-level action plan should be developed that describes how each strategic goal will be reached.

Action plans should include each major function in the organization, e.g., marketing, development, finance, personnel, and each program/service. In functional action plans, specify the relationship of the action plan to the organization's top-level action plan. Each manager must have an action plan that contributes to the overall strategic top level action plan. These plans should depict how the action plans of the major functions will be implemented.

Action planning must specify:

- The objectives that must be accomplished to reach the goal of the organization.
- How objectives will be measured.
- Timelines for each objective to be accomplished.

4.0 SOLUTION BENEFITS

Overall, successful strategic planning aligns the organization's people, processes, and resources at an enterprise level and provides a structured, timely process to turn your organization's ideal state into reality. Strategic planning serves to:

- Define the purpose of the organization and establish realistic goals and objectives.
- Communicate the organization's direction, values, goals and objectives to staff and customers.
- Ensure effective fiscal and resource management.
- Provide performance measurement baselines and targets.
- Foster better internal and external communication and transparency.
- Reduce the occurrence of crisis management.
- Direct focus on the important things.
- Properly allocate resources to those activities that provide the most benefit.
- Analyze the internal business culture and evaluate its impact on the organization's performance.
- Accelerate and improve growth.
- Eliminate poor performing areas.

5.0 COMPANY INFORMATION

Enlightened, Inc. is a full-service Information Technology (IT) consulting firm that helps our clients solve complex business problems by leveraging technology. We are committed to offering our clients the tools and processes necessary to build a highly effective strategic plan.

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