

BSBMGT616

Develop and implement strategic plans

Release 1

Learner guide

BSBMGT616

Develop and implement strategic plans

Release 1

Learner guide

Aspire Version 1.2

Copyright Warning

**This product is copyrighted to Aspire Training & Consulting
(ABN 51 054 306 428).**

Aspire Training & Consulting owns all copyright to its products. Except as permitted by the *Copyright Act 1968* (Cth) or unless you have obtained the specific written permission of Aspire Training & Consulting, you must not:

- reproduce or photocopy this product in whole or in part
- publish this product in whole or in part
- cause this product in whole or in part to be transmitted
- store this product in whole or in part in a retrieval system including a computer
- record this product in whole or in part either electronically or mechanically
- resell this product in whole or in part.

Aspire Training & Consulting:

- invests significant time and resources in creating its original products
- protects its copyright material
- will enforce its rights in copyright material
- reserves its legal rights to claim its loss and damage or an account of profits made resulting from infringements of its copyright.

Version	Release date	Modification
Release 1, version 1.1	April 2017	First release
Release 1, version 1.2	October 2019	Broken URLs fixed and updated to Rebrandly links.

Aspire is committed to developing quality resources that meet the needs of our customers. However, occasionally Aspire finds, or is notified of, errors. Please refer to our website at www.aspirelr.com.au to see if there are any updates that may be relevant to you.

Every effort has been made to ensure the information in this book is accurate; however, the author and publisher accept no responsibility for any loss, damage or injury arising from such information.

Except where an information source is acknowledged, the names and details of individuals and organisations used in examples are fictitious and have been devised for learning purposes only. Any similarity to actual people or organisations is unintentional.

All websites referred to in this unit were accessed and deemed appropriate at time of publication.

Aspire Training & Consulting apologises unreservedly for any copyright infringement that may have occurred and invites copyright owners to contact Aspire so any violation may be rectified.

BSBMGT616 Develop and implement strategic plans Release 1

© 2017 Aspire Training & Consulting
Level 1, 464 St Kilda Road
MELBOURNE VIC 3004 AUSTRALIA
Phone: (03) 9820 1300

First published April 2017
Reprinted (with amendments) October 2019

Cover design: Rewind Creative
Printer: Doculink Australia Pty Ltd, 1d/28 Rogers Street, Port Melbourne VIC 3207

e-ISBN 978-1-76059-510-4 (PDF version)
ISBN 978-1-76059-509-8

Contact details

Participant
Name:
Start date:
Phone number:
Email:
Work location
Name:
Address:
Postal address:
Workplace supervisor name:
Phone number:
Fax:
Email:
Registered Training Organisation (RTO)
Name:
Address:
Postal address (if different):
Phone number:
Fax:
RTO contact name:
Mobile:
Email:

Contents

Before you begin	vii
Topic 1: Confirm organisational vision and mission	1
1A Check that the vision and mission are current and supported and change as required	2
1B Review or develop organisational values to support the vision and mission	10
1C Gain support for the strategic planning process from all stakeholders	17
Summary	23
Learning checkpoint 1: Confirm organisational vision and mission	24
Topic 2: Analyse the internal and external environments	29
2A Research and analyse internal and external environments	30
2B Seek advice from experts	40
2C Identify and consider competitors' and allies' strengths and weaknesses	42
2D Analyse the organisation's strengths, weaknesses, opportunities and threats	49
2E Consider relevant cooperative ventures that are supported by risk and cost benefit analyses	53
2F Check that analyses are consistent with other people's perspectives	61
Summary	65
Learning checkpoint 2: Analyse the internal and external environments	66
Topic 3: Write a strategic plan	73
3A Document relevant research	74
3B Formulate strategic objectives and strategies needed for the future	78
3C Assign priority, a time frame, responsibilities and performance indicators for each strategy	83
3D Circulate the strategic plan for comment, support and endorsement	87
Summary	90
Learning checkpoint 3: Write a strategic plan	91
Topic 4: Implement a strategic plan	95
4A Communicate the strategic plan	96
4B Use performance indicators to monitor and evaluate implementation	102
4C Make necessary refinements to the plan	106
4D Review the effectiveness of the plan and identify methods for improving planning processes	110
Summary	112
Learning checkpoint 4: Implement a strategic plan	113

Before you begin

This learner guide is based on the unit of competency *BSBMGT616 Develop and implement strategic plans*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none"> Identifies and analyses complex organisational texts to determine business requirements Reviews, evaluates, interprets and applies content from a range of sources to aid in development of strategies
Writing	<ul style="list-style-type: none"> Prepares strategic plans for relevant stakeholders incorporating appropriate vocabulary, grammatical structure and conventions Incorporates amendments to documents according to organisational requirements Collates and compiles data to convey specific information, requirements and recommendations
Oral communication	<ul style="list-style-type: none"> Presents information and seeks advice using language and register appropriate to audience Participates in discussions using listening and questioning to elicit the views of others and to clarify or confirm understanding
Numeracy	<ul style="list-style-type: none"> Interprets and analyses statistical data and mathematical information to consider trends and resource implications of proposed strategies
Navigate the world of work	<ul style="list-style-type: none"> Works autonomously making high level decisions to achieve and improve organisational goals Takes a lead role in the development of strategies to achieve organisational goals
Interact with others	<ul style="list-style-type: none"> Selects and uses appropriate conventions and protocols when communicating with internal and external stakeholders to seek or share information Collaborates with others to achieve joint outcomes, playing an active role in facilitating effective group interaction, influencing direction and taking a leadership role Seeks feedback or expert advice where required

Foundation skill area	Foundation skill description
Get the work done	<ul style="list-style-type: none"> Develops flexible plans for complex, high impact activities with strategic implications, taking into account capabilities, efficiencies and effectiveness Systematically gathers and analyses all relevant information and evaluates options to inform decisions about organisational strategies Evaluates outcomes to identify opportunities for improvement Applies problem solving processes to identify risks, evaluate options and determine solutions

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1 Confirm organisational vision and mission	1A Check that the vision and mission are current and supported and change as required	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Review or develop organisational values to support the vision and mission	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Gain support for the strategic planning process from all stakeholders	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Analyse the internal and external environments	2A Research and analyse internal and external environments	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Seek advice from experts	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Identify and consider competitors' and allies' strengths and weaknesses	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Analyse the organisation's strengths, weaknesses, opportunities and threats	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2E Consider relevant cooperative ventures that are supported by risk and cost benefit analyses	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic	Key outcome	Rate your confidence in each section
	2F Check that analyses are consistent with other people's perspectives	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 3 Write a strategic plan	3A Document relevant research	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Formulate strategic objectives and strategies needed for the future	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Assign priority, a time frame, responsibilities and performance indicators for each strategy	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3D Circulate the strategic plan for comment, support and endorsement	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 4 Implement a strategic plan	4A Communicate the strategic plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4B Use performance indicators to monitor and evaluate implementation	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4C Make necessary refinements to the plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4D Review the effectiveness of the plan and identify methods for improving planning processes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Confirm organisational vision and mission

As part of establishing the strategic direction of the organisation, a leader must work autonomously, as well as with others, to research and analyse information in order to determine the strategic direction of the organisation. This will best place the organisation to ensure long-term viability and success. This means developing and refining the organisation's vision, mission and values so that focused strategic planning can be undertaken.

In this topic you will learn how to:

- 1A Check that the vision and mission are current and supported and change as required
- 1B Review or develop organisational values to support the vision and mission
- 1C Gain support for the strategic planning process from all stakeholders

1A

Check that the vision and mission are current and supported and change as required

Establishing the vision, mission and values of an organisation is an ongoing process of review. As the organisation and the market it operates in evolve, so too must its strategic focus. You need to ensure the vision and mission of the organisation are still relevant for the current challenges and environment before you undertake any strategic planning activities. Here are things to consider when establishing an organisational mission and values review process.

Process of strategic planning

Strategic planning is the process of:

- setting priorities
- determining goals
- focusing energy and resources to achieve the goals
- communicating goals to employees and other stakeholders
- establishing intended outcomes/results
- establishing measures to monitor progress towards achieving them
- assessing and adjusting the organisation's direction in response to changes in the internal and external environments.

What is a strategic plan?

A strategic plan is the document developed to communicate, implement and monitor goals. A strategic plan begins with a vision for the organisation and steps through a process to develop and define the plan. It includes the following broad elements:

- Vision
- Mission
- Values
- Measures
- Goals or objectives
- Strategies or actions

Plan development process

Here is the process for developing a strategic plan.

Research and develop

Research and develop the following:

- Review company performance
- Gather stakeholder input
- Undertake a competitor analysis
- Review external factors

SWOT analysis

Conduct a SWOT analysis of the following:

- Strengths
- Weaknesses
- Opportunities
- Threats

Review inputs

Review the following:

- Combine findings of all inputs
- Review data
- Analyse data

Develop strategy

Develop strategy for planning:

- Develop objectives
- Define key strategies
- Set goals
- Develop measures
- Develop operational plan

Implement

Implement the following for an effective plan:

- Communicate changes and strategies
- Define roles and responsibilities
- Implement strategies

Monitor and review

Monitor and review the following:

- Review strategies and goals
- Assess against measures
- Make necessary adjustments

Prepare to develop a strategic plan

The first three steps in the strategic planning process involve the establishment of organisational vision, mission and values. These three terms are often used interchangeably but each is distinctly different.

Definition of vision, mission and values:

- The vision refers to the broad, long-term direction, purpose and goals of the organisation.
- The mission describes the path the organisation will take to achieve its vision.
- The values are the guiding principles by which the organisation operates.

Confirm the vision and mission

The first step in preparing a strategic plan is to confirm that the organisational vision and mission are current and supported. Strategic plans usually operate over a defined period, for example five to ten years, so it is important that each new strategic plan begins with an analysis of its currency and relevance from the top down. A review of vision and mission might also be necessary in between strategic planning cycles if there is a change in external factors. For example, if a new product far outperforms expectations, leading to a shift in business focus.



The organisation's vision

Organisations develop a vision to communicate why they exist, what they hope to achieve and how they work. It is the long-term achievement the organisation ideally would like to see if its work is successful. For example, a wine retailer's vision may be to be the country's leading retailer of fine wine.

Organisations will usually include this vision in their strategic plan and publicise it widely, both internally and externally, through their annual report, the media and various branding opportunities. Organisations are not legally permitted to carry out functions which are not explicit in their vision, as defined in their governing documents.

Tips for defining and reviewing a vision statement

- It should present a picture of what it is trying to achieve in the short to medium term.
- It should consider the future characteristics of the organisation, such as products, markets, customers, processes, location, staffing and so on.
- It should be brief and to the point.
- It should broadly consider the organisation's purpose.
- It should clearly state who you are as a company and who you wish to become.
- It should consider what your organisation does, what it wants to do and how it would like the world to view it.
- It should consider the services provided and state the very best way to provide them.

The organisation's mission

The mission statement explains what the business *really* is and does in qualitative terms. An example of a mission statement for a not-for-profit organisation is: To bring an end to poverty through programs to empower communities and individuals through education and health improvement programs.

Here is some information that you might find useful when writing an organisation's mission statement.

Elements

The mission statement may include:

- the purpose and activities of the business
- any unique characteristics
- its functions, products or services
- its market or customers
- its scale or scope.

You may also include other details, such as a definition of your market and point of difference with competitors, as long as you keep the message clear, brief and uncomplicated.

Wording

When drafting a mission statement:

- choose your nouns, adjectives and verbs carefully to ensure they are realistic and accurate in describing the nature of the organisation
- do not confuse mission statements with value statements
- state the organisation's purpose or reason for being
- be clear on what the organisation does - its products and services
- state what's important to your business - the values it lives by.

Type of organisation

- Not-for-profit organisation: To bring an end to poverty by empowering communities and individuals through education and health improvement programs.
- A large corporation: To be one of Australia's great businesses providing outstanding quality, service, value and integrity.
- A small business: To produce the highest quality bread using organic ingredients to exceed customer expectations.

To learn more about developing vision statements, visit the Queensland Government's Business and industry portal, at: <http://aspirelr.link/qld-gov-business-vision>

Combined vision and mission

Some organisations choose to combine their vision and mission statements into one, overarching statement. This might be done to best meet target audience needs or to simplify the message if the target audience is the general public. The statements could also be combined to simplify the message for mode of delivery, such as TV advertising, where a short sharp message is best.

Consider this example: At Cozzo's, our vision is to create a better lifestyle for Australians. To do this, our mission is to provide a wide range of highly efficient, effective and affordable kitchen and laundry appliances to free up time better spent on leisure and entertainment.

Review the vision and mission statements

When reviewing, revising or confirming the currency and relevance of your vision and mission, you may need to consult with a range of stakeholders, both internally and externally. Here are some examples of the people that will need to be consulted when reviewing an organisation's vision and mission statements.

Stakeholders

Stakeholders might include:

- the Board
- shareholders
- managers
- peers
- customers
- the public
- staff.

Selecting stakeholders

Who you consult will depend on your organisational structure and how your business is governed. It will also depend on the type and nature of the business. For example, a large multinational organisation may require a head office or parent company to sign-off on strategic changes. A medium to large business, such as a bank, may have a board governing such decisions or require shareholder consultation as part of its constitution. A smaller business or one overseen by a managing director may allow for more autonomy and less consultation. A company that relies largely on branding for success, such as a global soft drink manufacturer, will want to involve its customers in developing its vision and mission.

Multiple groups

A change in strategic direction for any organisation will likely involve several parties. Typically marketing and advertising specialists, both internal and often external, will be part of the review. In this case, a structured and planned consultation process will be necessary. A communication or action plan may need to be developed and implemented as part of your consultation on this matter.

Consultation strategies

You may wish to consult your whole team or all of your stakeholders, or you may choose to select a few key personnel to represent your stakeholders, such as a working party, reference group or focus group. Here are three aspects that form consultation strategies.

Forums

You may wish to use a range of forums for gathering advice and collecting ideas, such as:

- staff meetings
- workshops
- individual meetings
- planning days
- board meetings
- shareholder meetings.

Process

- Introduce what you are doing and why.
- Explain their role in the process.
- Seek opinion.
- Seek evidence/information that supports these ideas/opinions.
- Seek consensus.
- Collect ideas and refine them to develop a refined vision and mission.

Questions

Questions to ask to confirm detail:

- When is the last time we reviewed our corporate vision and mission statements?
- Have we achieved our vision?
- Have we achieved original goals?
- Are the vision and mission statements still relevant? Has something changed?
- Does every organisational member know and understand the vision and mission statement/s?
- Do customers know and understand what the vision and mission are?
- Do customers feel confident that the people they interact with in the company can and do convey the vision and mission?
- Do we need to define a new mission?



v0173

Make changes as required

Once you have consulted key stakeholders, it is your job to collate feedback and review the vision and mission statements to identify required changes or refinements. This might be an organic process which occurs as part of the consultation or you may have autonomy to make the changes yourself, after careful consideration of the feedback. Either way, it is important to make sure you follow up with those you have consulted. Here are some aspects that need to be considered when making changes.

Incorporate changes

Changes will need to be made to the master statements and then reflected everywhere they appear throughout and outside the organisation. This might include:

- the annual report
- the intranet and the company website
- advertising and information brochures
- signage, letterheads and business cards
- voicemail and on-hold messages.

Seek assistance

You will likely need to enlist the help of the marketing department or even an advertising agency when making and incorporating changes, and this will need to be planned for and implemented via the communication plan.

When incorporating changes, you will also need to ensure you follow organisational procedures and use the required templates and formats of the organisation.

Example: confirm the vision and mission statements

A South Australian university recently undertook a project to review its vision and mission to better reflect the changes technology, particularly online learning, has made to its service delivery and market share. A working group, made up of students, staff and industry partners, was formed to oversee the change. The working party decided to involve all staff in the review in order to harness ideas and maximise buy-in. A competition was advertised on the intranet, offering prizes for the best new mission statement. Guidelines were provided. Entries were reviewed and finalists were selected. Staff were then able to vote for a winner. Further consultation and market testing was then applied before the new statement was implemented.

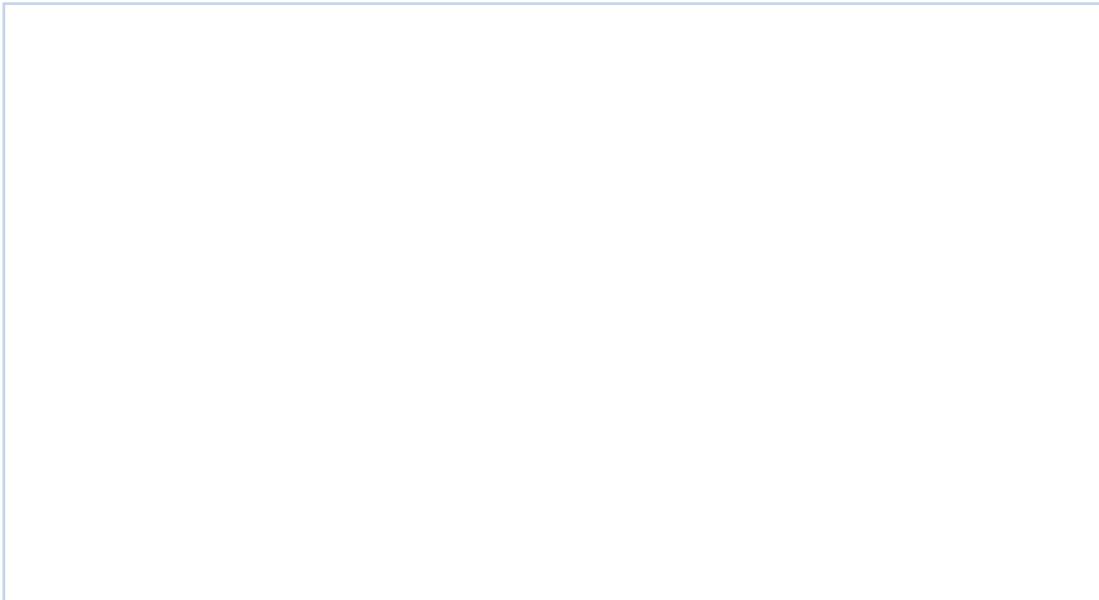


Practice task 1

1. Collect five examples of organisational vision and mission statements. Identify the key features included in each statement.



2. Examine your own organisation's vision and mission statements. How could they be improved or updated? You may wish to consult with colleagues or peers when answering this question.



1B

Review or develop organisational values to support the vision and mission

Values are the basis upon which an organisation operates and are embedded within its culture and the people who work there. Every organisation will have its own values that are reflected in the way they do their work and how staff conduct themselves, including the decisions they make. Values play an important role in strategic planning and are closely related to the vision and mission of an organisation. You may be required to review your organisational or departmental values when undertaking strategic planning. You may even be required to develop new values where none exist.



Organisational values

Once you have a defined vision and mission, the values of the organisation can be developed from there. This will determine the way the organisation operates, how it conducts itself and its relationships with shareholders, employees, customers, suppliers, government and the community. Here are four aspects that make up an organisation's values.

Values' purpose

An organisation's values are its guiding principles or basic beliefs. They underpin how its work is carried out. Organisational values:

- provide a common sense of purpose and identity
- provide long-term direction
- convey what the organisation is about.

The values of an organisation are used to communicate the behavioural expectations of employees. Organisational values can be communicated formally, via value statements in strategic plans and through codes of conduct and policies and procedures.

Concepts

Values may include such concepts as:

- honesty
- integrity
- professionalism.
- accountability
- transparency

Behaviours

Concepts are often expressed in terms of measures of expected behaviour, for example:

- We fully understand our customers' business.
- We recognise and reward each other's contributions and efforts.
- We respect each other and our work.

Standards

These expected behaviours can then be drilled down into actions and guiding standards that are more quantifiable, such as:

- At every meeting we will seek feedback from our customers, asking them what we should be doing and implementing feedback to improve service delivery.
- All individual successes will be celebrated within the team.
- Before any payments are processed, we will check with our customers to make sure they are satisfied with the service.
- We will look for constructive ways to provide negative feedback.
- We will never talk about people behind their backs.

Example: organisational values

Different organisations have different sets of values according to the structure and nature of their business and the specific philosophies and beliefs they hold. Here are two examples of organisational values.

Not-for-profit organisation

- We respect and value difference and diversity and will work to address disadvantage.
- We will work in partnership with individuals and communities to build capacity, acknowledging the wealth of knowledge and experience within the community.
- We will empower communities and individuals to identify options and develop their own solutions to identified issues.
- We will promote sustainable communities by supporting members to develop their advocacy skills and structures to enable change.

continued ...

... continued

Medium-sized organisation

- Each and every member of the organisation is accountable for their actions and our products.
- Each and every member of the organisation is committed to provide quality products and services.
- Each and every member of the organisation is empowered to make decisions and to strive for success.
- Each and every member of the organisation is valued for their knowledge, skills, experience and differences and demonstrates respect for diversity.

Review existing values

An organisation may choose to develop and review its values from the top down; making the decision at board level and then communicating the values to the employees. Or they may choose to involve organisational members and other stakeholders in identifying current values and may even seek input when developing or redefining values. This can be a valuable way of gaining buy-in from staff and ensuring they actually 'live' the values in practice. Employees 'at the coalface' are often best placed to inform such decision making as they are an integral part of the organisation's culture. They will know what is practical and what can be implemented in everyday operations. Here are some strategies that can be applied to the values review process.

Values review process

Identify the current values.

Assess whether they are appropriate for the organisation.

Identify the values that will guide the organisation to where it wants to be and how it wants to be viewed or represented to others.

Make amendments or additions.

Establish policies and processes that will encourage and reinforce behaviours to reflect new values.

Develop new values

When developing new values you should avoid obvious choices, such as honesty, fairness and integrity. It goes without saying that most organisations will believe in such values. Your goal is to identify values that truly represent who you are and what you do. The values will help to define your organisation's culture so you need to consider this when developing them.

Here are some tips that could be used for developing new values.

Process for developing values

1

Prepare a list

Prepare a list of values that your staff believe are important and that distinguish your organisation from competitors. For example, being honest with each other and with customers and demonstrating respect to everyone.

2

Brainstorm

Brainstorm key words and then sort them into common areas; such as honesty and respect.

3

Prioritise

Prioritise the list.

4

Achieve consensus

Allow time for consultation until a consensus is reached. Agree to a list of no more than eight to ten values.

5

Define each value

Define each value by describing the organisational behaviours and actions that will demonstrate this value. For example, 'We shall at all times demonstrate respect to each other and to all those we deal with'.

6

Assess each value

Refer back to the organisation's vision and mission to make sure your short list is compatible.

7

Finalise values

Finalise a set of five or six values.

Brainstorm options

Brainstorming is useful for generating ideas and solving problems. You will need a facilitator for the brainstorm. You may choose to perform this role yourself or you may wish to appoint someone else in the team to facilitate. The facilitator's role is to encourage participation, prevent criticism and manage interruptions. You will need a means of quickly recording the group's ideas, such as a whiteboard. Watch this video to learn more about brainstorming.



Guidance for developing value statements

Here is some guidance for developing value statements.

Do	Do not
<ul style="list-style-type: none"> • Discover and nurture values that reflect your organisation's culture. • Develop values that are unique to your own organisation and its people. • Select five to seven values at most. • Be specific. • Make sure values are actionable and can be defined by specific behaviours. 	<ul style="list-style-type: none"> • Pick values you think sound appropriate to the image you want to convey. • Copy someone else's values. • Overdo it. • Choose broad terms with ambiguous meanings, such as 'honest' or 'innovative'. • Choose values that cannot be actioned in everyday operations.

The relationship between vision, mission and values

The vision, mission and values statements of an organisation each have their own distinct function in the strategic planning process but, together, they communicate the organisation's intentions and motivate and inspire employees to ensure they understand the objectives of the organisation. They guide decision making, both on a strategic and an everyday basis.

Therefore, it is important that values reflect the vision and mission statement of the organisation. Once you have refined existing values or developed new ones, you should revisit your vision and mission to ensure they flow on from one another and that all have the same intention.

To learn more about developing value statements, visit the Queensland Government's Business and industry portal, at: <http://aspirelr.link/qld-gov-business-values>.

Example: review organisational values

Rita is tasked with collecting feedback from her team about the values they would like to see included in the updated strategic plan. Each department manager has been asked to do the same and the collective results will then be fed back to the executive team so that they can inform the development of new organisational values.

Rita decides to use the next staff meeting to complete this task. Prior to the meeting, when she prepares the agenda, she asks her team members to think of five values they think best reflect the organisation and the work they do. She distributes a list of common values and a couple of internet links to help staff generate ideas. She asks them to provide their lists via email one day prior to the staff meeting. At the meeting she writes each of the values on sticky notes. Those that are repeated are stuck on one side of the wall in yellow and form the short list, and others are placed on the other side in pink. She asks team members to stand up and look at the two lists. Team members are told they can move values from one wall to the other if they disagree. This forms the basis for discussion until a short list of values is developed and agreed to.



Practice task 2

1. Identify three values that you think might apply in your organisation.

2. For each of the three values you selected, develop a matching statement and/or actions that would be suitable in demonstrating that you 'live' the values in your workplace.

continued ...

... continued

3. Compare your selections with your organisation's actual values statement/s, and explain how they are similar or different.



1C

Gain support for the strategic planning process from all stakeholders

Now that you have reviewed and finalised the organisational vision and mission and have determined the values that will govern behaviours, you are in a position to continue onto the planning process. Before you begin, however, you should consult with key stakeholders to ensure you have support for the new directions you are proposing. Here are three measures that need to be considered when gaining support for planning processes.

Implement values

Once you have refined your vision, mission and values, you need to:

- commit to them
- communicate them
- protect them
- live them.

Develop a strategy

You will need to devise a strategy to achieve this which will involve enlisting the support of others within and sometimes external to the organisation. This consultation may consist of:

- reaching consensus
- getting sign-off
- educating from the top down
- embedding the vision, mission and values into the vocabulary, behaviours and culture of the organisation.

Begin consultation

You will need to consult with and inform all key stakeholders. Depending on the organisation and its corporate governance requirements, these will likely be the same stakeholders you involved earlier, when confirming the vision and mission.

Management support

When the vision, mission and values are defined and you are ready to undertake strategic planning, you must first be sure that you have the support of the executive team in the organisation. This might include the Board, department managers, line managers, shareholders and others in a position of influence. These are the people you will be relying on, when implementing your strategic plan to promote and champion the vision, mission and values throughout the organisation's operations. Here are three components of managing support.

Consultation

When consulting with stakeholders, you will want to:

- explain the methodology you undertook to review and revise the vision, mission and values
- justify your choices
- promote your choices
- seek feedback
- seek consensus
- seek sign-off
- seek commitment that they will assist in championing the changes during implementation.

Questions

Because your vision, mission and values are the key foundations of the organisation and the strategic plan, you should also take this opportunity to confirm the strength of your choices with those in positions of influence. Take the opportunity to ask and seek feedback about the following questions:

- Are the statements clear and concise so everyone can understand them?
- Will they win the support of customers, shareholders and the community?
- Do they provide a balance between communicating quality, responsibility and success?
- How can we communicate them to stakeholders to garner support?

Methods

Consultation to achieve managerial support can be undertaken in a range of ways; for example:

- a presentation followed by a discussion at board, executive or managerial meetings
- individual meetings with key management personnel
- distribution of draft vision, mission and value statements via email or internal mail with a request for feedback
- establishment of a focus group or working party made up of key management representatives.

Employees

It is also a good idea to gain support from employees. After all, they will be the ones who ultimately 'live' the vision, mission and values of the organisation. Aligning your organisation's goals with those shared by individuals is the best way to ensure success, so consulting employees is a key step in the overall consultation process. It is these individuals and their collective beliefs and behaviours that make up the organisation's culture. Here are things to consider when gaining employee support.

Approach

You may undertake this consultation yourself or you may delegate this task to department managers who can simultaneously undertake consultative activities within their own teams. Such activities may include brainstorming, discussions in staff meetings or planning days and feedback forms.

Test

This is also a good opportunity to test the vision, mission and values to see if they are realistic, robust and 'liveable'. You could ask staff to provide ideas and examples of how they believe the values can be demonstrated in their everyday work. This information will also come in handy later, when developing objectives and measures of success in your strategic plan. Feedback can then be collated and refined to inform any adjustments you might make to draft vision, mission and value statements before they are finalised.

Communicate

Once you have finalised your vision, mission and values statements, you will need to communicate with the entire organisation to educate them and to seek their buy-in. Remember, a vision, mission and values are only useful if all of the people within the organisation:

- know them
- understand them
- support them
- live them.

Tips for gaining employee support

Here are some tips you could follow for gaining employee support.

Make the values part of your organisation's vocabulary

They should form part of your organisation's unique 'language'. Take every opportunity to include them in communications, both internal and external, such as letterheads, business cards and websites.

Put values into practice

Create opportunities for putting values into practice. Organise events and initiatives that demonstrate and reflect values, such as group activities, public awareness campaigns and charity events.

Use values to measure performance

Use values to measure success. Embed your vision, mission and values throughout the organisation's framework, using them as a basis for goal setting and performance management.

Lead by example

Model the vision, mission and values in your behaviours and encourage others in management roles to do the same.

Recognise and celebrate examples

Identify behaviours within the organisation at all levels which align with the organisation's vision, mission and values. Tie the recognition program to the vision, mission and values so that behaviours that align are formally recognised and awarded.

Use in recruitment and performance reviews

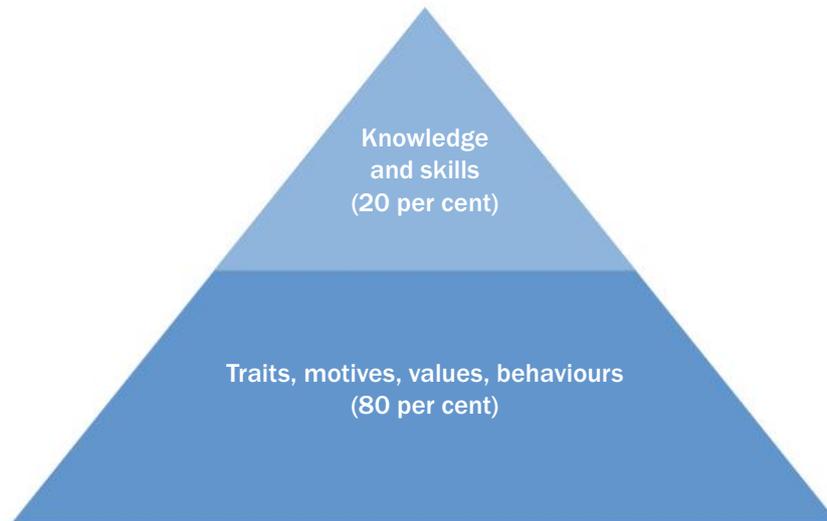
Align values to a set of behaviours against which to measure individual performance. Recruit people who already have values that align with those of your organisation.

Teach the vision, mission and values

Include vision, mission and values in new employees' orientation and induction training.

Personal values, knowledge and skills

The Iceberg Model of Competence developed by Spencer and Spencer in 1993, shows that an employee's competency for carrying out their work is influenced more by personal characteristics, including values, than technical skills and knowledge. This further reinforces the need to employ, train, develop, review and manage staff with a view to aligning personal characteristics with the core values of the organisation.



Source: Adapted from Spencer, L. M. Jr. & Spencer, S. M., (1993) *Competence at Work: Model for Superior Performance*, John Wiley & Sons, New York.

Communicate vision, mission and values

Once your vision, mission and values are finalised, you must communicate them effectively to external stakeholders. Shareholders and investors will want to know how the organisation intends to increase net profits. Customers will want to know about what the organisation offers and promises to do for them.

Some methods you may adopt to communicate your vision, mission and values externally might include:

- discussions with target audiences
- AGM meetings
- advertising and press releases
- company stationery and merchandise
- employee presentations and training courses
- internet, intranet, wiki, and email
- social media, such as LinkedIn, Facebook and Twitter.

Communication plan

Communication activities should be included in a communication plan which details the strategies, methods, target audience, time lines and content of your external communications.

Here are seven steps that can assist in the development and implementation of a communication plan.



Develop and implement a communication plan

1. List stakeholder groups
2. Define what has to be communicated
3. Identify suitable communication methods and events
4. Allocate resources, such as people, time and money to produce materials
5. Develop a communications event schedule
6. Monitor the effectiveness of the communications
7. Review and adjust, as required

Example: gain support for the strategic planning process

A recent trend in employees leaving or being fired from his organisation forces Morgan, the HR manager, to think about what the underlying problems might be so that he can develop some strategies for better recruitment processes. Upon examination of exit interview data and following discussions with relevant managers, he finds that many of the problems are behavioural rather than performance related. He decides that more needs to be done to assess candidates using the Iceberg Competence Theory (that behaviours and beliefs are more important yet more difficult to identify and teach).

She is now considering a range of new recruitment strategies, including:

- stating the core values of the organisation in job ads
- developing selection criteria based on values and related behaviours
- applying personality testing.

She is also planning to place a greater focus on values and behaviours in the induction program and discusses this with the Learning and Development manager.



Practice task 3

Collect as many examples as you can find that communicate the vision, mission and values of your organisation, or one with which you are familiar.

Write a brief report, no more than one page, explaining the methods your organisation uses to embed its vision, mission and values in everyday operations.

Summary

1. You need to ensure the vision and mission of the organisation are still relevant for the current challenges and environment before you undertake any strategic planning activities.
2. A strategic plan begins with a vision for the organisation and steps through a process to develop and define the plan.
3. The vision refers to the broad, long-term direction, purpose and goals of the organisation.
4. The mission describes the path the organisation will take to achieve its vision.
5. The values are the guiding principles by which the organisation operates.
6. It is important to have the support of executive team, staff and other key stakeholders in the organisation when undertaking strategic planning.

Learning checkpoint 1

Confirm organisational vision and mission

This learning checkpoint allows you to review your skills and knowledge in confirming organisational vision and mission.

Part A

1. What is strategic planning?

2. Define the terms 'vision', 'mission' and 'values'.

3. List three possible stakeholders you might need to consult to confirm the organisation's vision and mission.

4. List two strategies for consulting stakeholders about the vision and mission of the organisation.

5. List at least three places where changes might need to be made to reflect refinements to vision and mission statements.

6. Define values in an organisational context.

7. Explain the steps for developing organisational values.

8. Describe two strategies you could use to consult and gain managerial support for your vision, mission and values.

Part B

Read the following scenario, then complete the questions that follow.

Scenario

You have been asked to manage a working group that is charged with developing a new vision, mission and values for the organisation, following a recent merger. Develop an action plan by answering the following questions.

1. What key stakeholder groups would you include in the working group?

2. What mix of consultation methods would you use?

3. List the questions you would ask during the consultation phase.

4. List the steps you would undertake to confirm the vision and mission and develop the new values.

Topic 2

Analyse the internal and external environments

Now that the vision and mission of the organisation are refined and the values have been formulated, you can begin the strategic planning process. This process involves researching and developing the plan, performing a SWOT analysis, and reviewing inputs.

In this topic you will learn how to:

- 2A Research and analyse internal and external environments
- 2B Seek advice from experts
- 2C Identify and consider competitors' and allies' strengths and weaknesses
- 2D Analyse the organisation's strengths, weaknesses, opportunities and threats
- 2E Consider relevant cooperative ventures that are supported by risk and cost benefit analyses
- 2F Check that analyses are consistent with other people's perspectives

2A Research and analyse internal and external environments

In the research and develop step of strategic planning, it is important that all of the data that will feed into the decision making process is gathered and analysed. This involves planning for and undertaking research in order to collect the data, as well as collating it ready for analysis. Here are factors that need to be considered when researching internal and external environmental factors.

Environmental analyses

In an environment of globalisation and new technologies, where everything is evolving at a faster pace than ever before, managers must always be aware of current and future trends that may influence business. They must be able to respond to this rapid change and evolution by designing adaptive organisations. You must know about all of the internal and external factors affecting your business, now and into the future, and plan for them.

Environmental factors

A business's internal environment consists of many variables which are largely controllable, such as management structures, workforce development and operations. However, its external environment is less controllable. Variables that exist outside of an organisation but may impact on it include the legal environment, consumer preferences and competitors' actions. Successful organisations consider both the internal and external variables when undertaking strategic planning to both maximise success and to minimise impact. Innovative strategies enable such organisations to leverage internal strengths and take advantage of external opportunities.

External factors in the general environment

The external environment refers to any outside elements that affect an organisation. Such an environment can create uncertainty for managers. The world changes constantly and it is difficult for organisations to respond to changes which are not predicted and planned for.

Here are examples of factors in the general environment that can impact organisational operations indirectly.

Global

Globalisation is the most powerful influencing factor and has an impact on all other aspects of the external environment. With the proliferation of the internet and the break-down of barriers that once limited markets, organisations need to compete and think globally. The changing politics of countries such as China and India have opened up new markets and brought new competitors onto the global stage. The global environment is complex and ever-changing.

Technological

This factor has spurred huge developments in specific industries but also to society in general; how we shop, learn, interact and operate. Technological advances increase competition and open up new markets.

Social/cultural

This refers to the demographics of the market, such as age, sex, income, population spread. It also refers to the characteristics, preferences, customs, values and beliefs which motivate and drive markets. As an example, the use of social media to reach markets is a direct response to this environmental factor. How will organisations respond to an ageing population, an increasingly diverse population or a more technologically savvy market?

Economic

This refers to the state of the economy of the country or region the organisation operates in. The state of the economy has a direct impact on consumer confidence, disposable income and spending. For example, lower interest rates and unemployment tend to have a positive effect on consumer confidence and can often result in increased sales in the retail sector. This factor is now more challenging with the advent of globalisation.

Legal

This refers to government regulations and legislation. For example, the Victorian Government's decision to ban the use of tanning beds is forcing many businesses to re-evaluate their business model or to close down altogether.

Political

On a national scale politics can impact on business through the introduction of new policies which may lead to changes in legislation, such as tax incentives or new taxes. On a smaller scale, pressure groups can influence organisations, such as lobby groups who argue against the sale of fur and other animal products in the fashion industry.

Natural

This refers to natural disasters, changes in weather patterns and other changes in the natural environment. The tsunami in Japan and the floods in Thailand in 2011 both had a devastating effect on Honda Motor Co. globally. Whilst other companies, such as Tesla Motors, are benefiting from an increase consciousness of the natural environment with their electric cars.

External factors in the task environment

Here are examples of factors in the task environment that can impact an organisation. These are factors that interact with the organisation in an operational sense.

The task environment

- Customers: the changing market which an organisations serves or targets.
- Competitors: other organisations who offer a similar, competitive product or service.
- Suppliers: those who provide products or services to an organisation that contribute to it offering its goods or services.
- Labour market: the pool of employees available to work for an organisation. This refers to numbers of employees, skill levels, age and other related demographics.

Internal factors

The internal environment of an organisation refers to variables which are confined to within its operation. These include its people and culture as well as operational variables. Managers generally have a higher degree of control over internal factors. Corporate culture is probably the most important of the internal factors. It refers to the key values, beliefs, understandings and behaviours that employees share. Here are examples of tangible and intangible elements.

Tangibles

- Evidence of culture that can be seen.
- For example, dress, logos, office, slogans and ceremonies.

Intangibles

- Evidence of culture that is less visible but just as important.
- For example, how things are done, beliefs, values, understanding and behaviour.

Balance culture and performance

Successful companies balance culture and performance. They are based around a clear vision and mission. There is a shared set of values that is understood by all and implemented through decision making and practise. The internal culture must fit the needs of the external environment and company strategy.

Firstly, you need to decide:

- to what extent does the organisation rely on the internal and external environment
- does it require a flexible or stable external environment.

Types of organisational culture

Here are examples of organisational culture.

Adaptive culture

This culture has values that enable the organisation to quickly identify external signals and act accordingly. This is appropriate in an organisation where rapid change, quick responses and high-risk decisions are required.

Achievement culture

This culture is results-oriented and characterised by aggressiveness, competitiveness, a high level of personal initiative and cost cutting. Employees are usually willing to work hard to achieve strong results. This is appropriate for an organisation with a specific target market that is not subject to rapid or wide-scale change.

Involvement culture

This culture aims to encourage participation and contribution by employees, valuing equality and avoiding status and hierarchy. This is appropriate in an organisation with an internal focus that relies on the ability of employees to adapt to changes developed in response to environmental forces.

Consistency culture

This culture is orderly and methodical in its approach to strategic planning. This is appropriate for organisations that have an internal focus and a stable environment.

Research and analysis methods

Regular and effective monitoring of an organisation's internal and external environments allows a manager to identify current and future opportunities and threats that will influence strategy development. A number of research methods are commonly employed by managers to monitor the internal and external factors that affect the organisation so that they can better plan and adapt.

Environmental scanning

Environmental scanning involves continuous scanning of the business world to look for environmental changes or issues which may require a strategic response now or in the future. These might be issues or events which could have an impact on the organisation's ability to meet its strategic objectives. Environmental scans seek intelligence, using software to search internal and external data and information to identify patterns and trends related to the organisation. The following provides more information.

Customised scans

An environmental scan will be customised to each organisation, considering the factors that will influence its direction and goals. For example, an environmental scan might project an ageing population and an increase in the age for pension eligibility. Therefore, organisations should consider products and services to target the opportunities presented by people remaining in the workplace longer or, on the other hand, the threats associated with people not retiring as early. A caravan sales business might see this issue as a threat and a bank may see this as an opportunity to amend mortgage terms.

Focused scans

Environmental scans usually focus on the external environment but can also have an internal focus. For example, an internal scan may analyse the organisation's current infrastructure, hardware, personnel, abilities and structure, and consider what changes will be necessary to fulfil the same needs in the organisation's future.

Competitive intelligence

Unlike an environmental scan, competitive intelligence gathering is surveillance aimed specifically at one competitor, or a group of competitors, within a narrow sector. Competitive intelligence refers to research activities designed to increase your knowledge of existing and potential future competitors. An example of this is supermarket spying. Large supermarket chains often employ staff to visit competitors' stores with a list of products to price with a view to compare and ensure they are not being undercut.

This is how organisations are able to advertise a price match guarantee. Obviously, with the advent of the internet, online shopping and advertising, it is sometimes no longer necessary for employees to actually visit competitors' stores. Such searches can be conducted online. This data, when collected over time, can be analysed to identify patterns, such as when competitors have sales on particular product lines. This enables planning for an effective response; for example, will you also have a sale at these times or will you schedule sales to be staggered?

Independent or third party analysis

These days there are often third parties which undertake research and analysis on your behalf. These might include governments departments, such as the Australian Competition and Consumer Commission (ACCC), consumer groups or the media. The information may be available via survey and study results or articles.

There are now many websites that offer a price comparison service for a huge range of products commonly on the market, such as Getprice.com.au and Choice.com.au. There are even mobile phone apps that offer price comparison services, such as RedLaser and ShopSavvy. They are aimed at supporting consumers but are a handy source of information about competitors too.

Boundary spanning

This is a common strategy used by organisations to adapt to the environment by collaborating with other organisations through inter-organisational partnerships where information is shared for mutual benefit. This reduces time and resources spent by individual organisations who are in effect all researching the same thing.

This might mean being involved in networks with suppliers and competitors to gather and share information about changes in the environment. Such networks might exist in a virtual environment or a physical one where networking events are held periodically. Marketing and purchasing personnel often work as boundary spanners on an internal level too, engaging with customers and suppliers through face-to-face and market research.

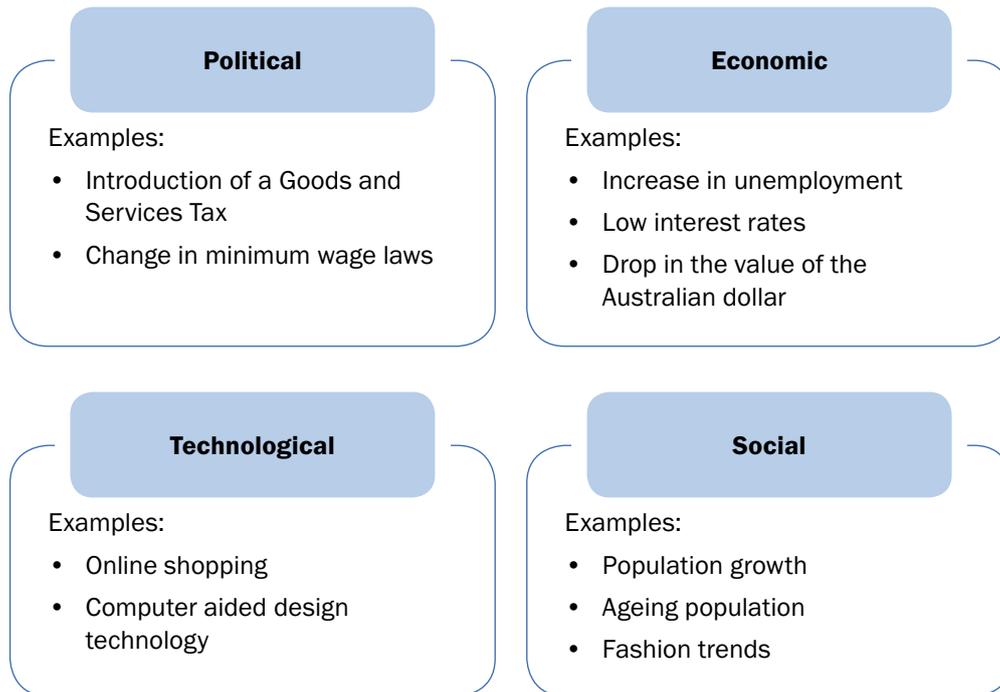


PEST analysis

A PEST analysis considers the **p**olitical, **e**conomic, **s**ocial and **t**echnological factors to assess the organisation's external environment.

It assists organisations to understand market growth or decline so that they can better position themselves to capitalise on opportunities and overcome threats. A PEST analysis is often effective as a group activity or a brainstorming session in a staff meeting, as a first step in strategic planning or new product development.

Similar to a SWOT analysis, a PEST analysis uses four key perspectives but, unlike a SWOT, a PEST analysis focuses entirely on external factors. Here is a simple example to show how a PEST analysis works.



Other factors to consider

When undertaking strategic planning, an organisation must also take into account other factors that will impact on decision-making and business performance. Here are examples of other factors that need to be considered when undertaking strategic planning.

Impacting factors

Factors that affect decision-making and performance might include:

- legislation
- regulations
- codes of practice.

Example

The introduction of the Goods and Services Tax in Australia in 2000 forced all businesses which bought and sold products or services to plan in advance for a whole range of changes so that systems would be in place from 1 July. This included changes to pricing, paperwork, staff training, advertising, quoting and costings, budgets and so on. Organisations which did not identify these issues early enough put themselves in a position of making errors, and potentially facing fines and other penalties for failing to comply.

Delegate tasks

Given the time and effort required to regularly undertake research and collect and analyse data, particularly from the external environment, it is common for managers to delegate some of this work. You can delegate some or all of the tasks to others within your team. For example, you may choose to delegate the collection of data to a team member and then analyse results yourself before feeding them into your planning. Alternatively, you may delegate the data collection and analysis to a trusted team member.

Before you undertake the research and analysis, it is important that you have a plan. Like any project you undertake, this activity should be scheduled and resources identified and allocated to ensure it is done effectively and in a timely manner, particularly if you are involving others. Here are some strategies that can be deployed to delegate organisational tasks.

Checklist for delegation

If delegating, make sure you:

- are clear on what is required
- specify objectives
- identify subjects or targets for research
- have a schedule for when research and analysis should be undertaken
- suggest methodology
- provide support and training, if necessary.

Delegation action plan

An action plan should be developed which:

- details the objectives of the research
- identifies the environmental and internal factors you want to focus your research on
- identifies research or data collection methods
- assigns personnel and resources
- schedules time lines
- allows for briefing of personnel
- identifies analysis requirements and methods.

Use external parties

Some managers may even choose to delegate this task externally. There are many organisations which specialise in environmental scanning and can assist with or even undertake this research and analysis on your behalf.

Example: determine information requirements

A chain of sporting stores is considering introducing a new range of sports trackers, including heart rate monitors, watches etc. It is an expensive line and requires a considerable investment to stock. They need to weigh the potential profit against the cost and risk of holding the stock. They also want to know which models and brands to stock.

They know the recommended retail prices from the manufacturer but they decide to find out what their competitors are doing. They plan to undertake an environmental scan to find out what other stores are stocking and how much they are charging before they decide what to do next. They also decide to find out what features customers are most interested in. The marketing manager develops a plan to undertake research and analysis to assist in the planning and decision-making.



Practice task 4

Develop a PEST analysis to identify possible issues/factors with the potential to impact on the following three industries:

1. Automobile industry
2. Retail industry
3. Newspaper industry



2B

Seek advice from experts

As well as scanning for internal and external factors that might affect the performance of the business, it is good practice for organisations to seek advice from experts and specialists as they consider strategies and important operational decisions. As a result of your own analysis of the internal and external factors, or to complement it, you may seek the advice of experts.

You should not assume you know enough on your own to deal with such matters when considering your future strategic planning. Sometimes this expertise will not be held within your own organisation and might need to be sought externally. Sometimes you may choose to consult experts to assist in identifying potential risks and risk management strategies relevant to your strategic planning.



Who and how to consult

Depending on the issues you have identified that may impact on your organisation's performance, you may need to consult a range of experts. Consultation may occur in a range of ways. You may have one or a series of telephone conversations with the expert. You may have face-to-face meetings. You may ask for a report or write a series of questions in a letter or email and receive written responses. The following provides more information about who and how to consult.

Who to consult

- You may need to consult a lawyer to clarify issues around intellectual property if you develop a new service.
- If you have a new product, you may need to seek copyright or trademark advice.
- Consulting an accountant may be required if there is a taxation change that will impact your operations.

Such expertise can assist you in your strategic planning by:

- assisting you to identify internal and external opportunities and threats
- creating effective networking opportunities and partnerships
- confirming discoveries from your own research
- assisting you to identify required knowledge to begin planning for any issues you have identified
- providing the legal or other expertise you don't have yourself or do not have access to internally.

How to consult

When consulting with experts, you should:

- Make sure you listen carefully and take into account all of the advice; not just what you think is right or what you agree with.
- Take notes and keep a record of the information you received.
- Make sure you ask if the language or terminology used does not make sense to you.
- Make sure the advice you receive is specific to your industry and organisation.
- Ask as many questions as you can, planning the questions beforehand.
- Provide questions or areas for discussion prior to a meeting to allow for preparation and clarification by the expert.

Example: seek advice from experts

When Martin discovers that there are changes in superannuation responsibilities for all employers, he knows this will mean more paperwork and increased costs to the business but he does not really know any more than that. He consults his accountant to find out the detail of the new requirements so that he can plan for the extra costs and consider his pricing model to minimise the impact on his profits.

He also asks about the new process for making and lodging employee payments so that he can plan how much time his administrative staff will need to learn the procedures and complete them on an ongoing basis.



Practice task 5

Develop a list of experts that you could consult for advice on matters regarding strategic planning.

2C

Identify and consider competitors' and allies' strengths and weaknesses

Part of your assessment of external factors is the analysis of the market you operate in or intend to operate in in the future. This market analysis should focus both on the competitors in your chosen market and the allies or customers. Knowing the strengths and weaknesses of each will assist you in formulating strategies to optimise your own performance and achieve target market share.

Achieve competitive advantage

Strategy is all about being different from everyone else so that you become the organisation of choice for your market. Competitive advantage occurs when an organisation develops and implements a strategy that enables it to outperform its competitors. Before you can develop a competitive advantage in your market, you must be sure you understand it.

You need to know about the strengths and weaknesses of both your competitors and your allies (customers). This requires an understanding of all of the influences on the market. A useful framework to understand forces is Porter's Five Forces. Porter believes there are five competitive forces at work in an industry, and these five forces determine an industry's attractiveness and profitability. Here are examples of the forces that can assist an organisation's competitive advantage.

Buyer power

Buyer bargaining power is the ability of customers to force a reduction in prices.

Supplier power

Suppliers can also have bargaining power. This refers to their ability to force an increase in the price of the materials and services they provide.

Substitutes

This refers to products or services introduced into the market which may be different but can satisfy the same customer need.



New entrants

Profitable industries often attract new entrants. Their goal is to gain market share which, in a defined market, means existing organisations will need to share the current market or are threatened with having it taken from them. This means new entrants may cause your organisation to experience reduced sales and revenue.

Rivalry

Existing organisations within an industry will often experience an ongoing battle for market share. The goal to be the market leader causes rivalry among competitors in an industry. The greater the number of competitors the higher the rivalry will be. This can be seen in the ongoing price wars between major supermarket chains in Australia, often at the expense of the smaller players.

Source: Porter, M (2008) *The Competitive Advantage: Creating and Sustaining Superior Performance*. NY: Free Press

Five forces of competition

Consider watching this *Harvard Business Review* video in which Michael Porter discusses the development of the concept of competitive advantage – ‘The Five Competitive Forces That Shape Strategy’, at: <http://aspirelr.link/5-competitive-forces-video>

Know your market

Who is your market? Where is your market? How big is your market? What does your market want? It is important that you define the market you want to compete in. It is not practical or even good strategy to target a whole market. Retailers, for example, rarely try to attract everyone and usually target a particularly defined market. There are some obvious exceptions to this rule, such as Nike and Google. But most businesses will have a target market. Here are examples of ways you can define your market.

Geographic targeting

Where are your customers and how many are there? Do customers come from the local area, all over the city, or nationally? This criterion has changed with the introduction of online shopping and other e-businesses. Now, in many cases, geographic targeting is irrelevant for businesses.

Customer targeting

Who fits your customer profile? For example, a reception centre will target wedding planners, brides and their families, local businesses holding conferences and so on.

Product-orientated targeting

Who and how many customers are likely to be interested in your products or services?

Know your customers

Organisations often assess their performance by measuring their market share and comparing it to competitors. Market share is the piece of the market they have control over. It is important to understand market share so you can develop strategies which might aim to maintain or increase it. You can also profile customers to identify strengths and weaknesses so that you can better plan to meet their needs. Here are strategies that you can use to get to know your customers.

Estimate market share

There are a number of ways you can determine your market share:

- Unit sales: if you are able to get access to information about total number of products sold each year to the market, you can compare this to your own sales to determine market share. This information might be available through the product's manufacturer, suppliers or third party reports in some cases.
- Number of potential customers: if you know that 40,000 people are in your target market area, and if you guess that one in ten of them buy products or services like yours, you can assume that your business has a total potential market of 4,000 people. If you sell your product or service to 400 of those people, you have a 10 per cent share of your target market.

Calculate market share

You can use this simple formula to calculate specific market share:

Industry's total sales ÷ your revenue = market share

- Calculate your organisation's total sales (also called total revenue).
- Calculate the total market sales, which is the total amount of sales (or revenue) of the entire market.
- Divide your company's total revenue by the industry's total market sales. The result of this division equals your company's specific market share.

Profile customers

Once you're clear on who your customers are, you also need to understand them to better target them. For instance:

- What are their demographics?
- What are their buying preferences?
- What do they buy?
- How do they buy?
- When do they buy?
- How much do they spend?
- What level of quality are they looking for?
- How do they like to be served?

If you can target your marketing, products and services to meet your customer's specific needs, then you have a better chance of success.

Profiling approaches

Some organisations categorise the different groups of customers, even giving each group an identity, or persona, with a photo and virtual lifestyle. With this in mind they can aim marketing at each group by imagining each individual and what they might like or prefer. There are even companies that specialise in customer profiling for large companies.

Some organisations even use these profiles on their online shopping sites to assist customers, for example, in buying gifts for a friend or relative by allowing them to match the person they are buying for with a 'persona'. They will then be provided with a range of gift suggestions that the 'persona' would like.

Consult customers

You can often gain the same intelligence by consulting existing customers. This can be done via an exit or post-purchase survey, by asking questions such as:

- Why did you buy that product or service?
- Why did you choose us?
- What did you like about the service?
- What did you not like?
- Would you shop with us again?
- What else would you buy?

Know your competitors

A key to increasing market share is winning custom currently enjoyed by your competitors. You must also protect your current market share from competitors who want to do the same thing as you and increase their market share. To do this, it is vital that you both know and understand your competitors.

Failure to keep tabs on your competition may not only see you missing opportunities for new business; you may also have your existing customers stolen by competitors. Regular monitoring of competitors will enable you to identify patterns in competitors' behaviours or actions which will help you to anticipate what they may do next. You can then plan your strategies to increase your market share at the expense of your rivals.

Here are some tips for how to monitor competitors and gather information about them.

Internet searches

Search the internet. Try starting with a simple Google search or visiting your known competitors' web pages.

Use other internet based tools for help; for example:

- SpyFu: to find what keywords and Adwords your competitors are buying.
- Google Trends: to find out the latest trends in your industry, to compare your organisation to others and to see where people who visit your site also go.
- Google Alerts: to set up an alert on your own organisation or your competitors to see if anyone is talking about you or them on the internet.

Social media

Make use of social networking sites, such as Facebook, LinkedIn and Twitter. Your competitors are probably using many of them to reach your market and you should probably be doing the same. This is an easy and cheap way to find out about not just what your competitors are doing but also what their customers and the public think of them. Sign up or subscribe to competitor social media, newsletters, magazines and other publications.

Reports

Check reports from industry analysts, trade associations and advocacy groups. You may need to purchase or subscribe to these services but it is a good investment. These reports will give useful insights into your competitors, where your industry is trending and identify unmet market needs that you could consider as opportunities.

Monitor reviews

Online review sites such as Trip Advisor, Yelp and Choice are another way you can gauge consumer sentiment about your competitors and identify those who are meeting or exceeding customer expectations. The qualitative data users offer here can give you great ideas about what the market wants and expects and how others are providing that.

Ask your customers

It sounds obvious but many organisations do not think to ask. Many customers either buy from more than one organisation or have done so in the past, and they are often more than happy to tell you about their experiences with the opposition (good or bad). You could do this informally by speaking to customers, or conduct surveys which are specifically designed to illicit information about their experiences with competitors. Whenever you win a new customer, find out who they bought from before and why they switched. It is a good idea to do the same thing when you lose a customer too.

Networking

Network by attending events and conferences. This way you can eyeball your competitors on neutral ground, hear them speak and even speak to them yourself. Make sure you visit competitors' booths, look at their offerings, how they present themselves and how they interact with customers. Also look out for customer reaction to their strategies. What is attracting the crowd? Can you do the same or similar?

Ask your suppliers

You probably share the same suppliers as many of your competitors. Ask them. You might not get the direct answers you are looking for but there is still value to be gained in asking. Instead of asking outright about what a competitor has ordered, for instance, ask questions like: 'Which product have you found to be most popular?' or 'How many units of this do you already have orders for this month?'

Recruitment

Recruit employees who have worked for the opposition. No one knows more about your competitors than their former employees. You can't expect these people to give away trade secrets or hand over intellectual property but you can ask questions like: 'How would they have done this?', 'What is coming up in their future plans?', 'What new research and development are they investing in?'

Look at who your competitors are employing. Their job advertisements might give hints as to what they are planning in the future. You can get lots of information from a job advertisement which might include details of an exciting new project, software used or staff levels required; all of which might indicate change, expansion or new ventures.

Approach competitors

Try simply calling and asking some questions. It might not work but you might be surprised by the information you receive.

Analyse findings

Here are the steps that form part of the analytical process.

Analysis process

- Identify your competitors
- Identify competitors' goals and objectives
- Identify competitors' strategies and tactics
- Assess competitors' strengths and weaknesses
- Prioritise competitors and determine those to target

Example: identify competitors

Read the following article which argues that it is best to be friends with your competitor.

'Let's Be Friends' by Alison Stein Wellner, at: <http://aspirelr.link/lets-be-friends-article>

Review also the guidance and tools for analyses provided at the following websites:

- NSW Government's Small Business Toolkit, at: <http://aspirelr.link/nsw-gov-small-business-services>
- Queensland Government's Business and industry portal, at: <http://aspirelr.link/market-customer-research>



Practice task 6

1. Use this table to develop a list of your organisation's main allies/customers. Include comments about the strengths and weaknesses of each customer.

Customer	Strengths	Weaknesses

2. Use this table to develop a list of your organisation's main competitors, ranked from strongest to weakest and justify your rankings.

Competitor	Comments

2D

Analyse the organisation's strengths, weaknesses, opportunities and threats

Once you have scanned the external environment and identified and analysed any issues that may impact upon your strategic planning, it is time to take a more internal focus. You need to examine the organisation's strengths and weaknesses as well as identify any threats and opportunities that will need to be considered when planning.

To develop a strong business strategy you need to be sure you have identified and considered your organisation's strengths and weaknesses. Then you can evaluate them against the opportunities and threats that exist externally, and use this to focus your planning.

SWOT analysis

SWOT stands for strengths, weaknesses, opportunities and threats. Organisations can use a SWOT analysis at any time to assess the environment and develop responses to take advantage of opportunities or counter threats resulting from trends or shifts. Many organisations conduct a SWOT annually to review any changes to their operating environment. New businesses often use a SWOT analysis to plan their business approach.

The strengths and weaknesses have an internal, organisational focus. The opportunities and threats are external. By mapping out the internal and external factors you have already identified in this methodical way, you can more easily see what issues need to be addressed and can begin to plan strategies for addressing them. The SWOT analysis is essentially a focusing tool for all of the ground work you have done so far in researching internal and external factors affecting your organisation.

Conduct a SWOT analysis

You can conduct a SWOT analysis yourself, but it is better to involve your team or others in the organisation with different perspectives and stakes in the process. This way you can brainstorm, be objective and drill down to the real issues.

You should begin your analysis by brainstorming and capturing the main ideas in bullet form for each of the SWOT categories. You can refer to the results of research you have already conducted about internal and external factors to guide this process. You can then list the factors in each SWOT category from highest priority to the lowest. The following provides some more information.

**Strengths**

These are the internal factors which are positive and describe the good things about your organisation; both tangible and intangible. Strengths are factors that can be controlled. Ask yourself:

- What do we do well?
- What are our capabilities?
- What financial and human resources do we have?
- What advantages do we have over our competitors?
- How do we add value to our products or services that gives us our competitive advantage?

**Weaknesses**

These are the internal factors which are negative and detract from the value you offer. Weaknesses must be addressed or neutralised so that you are best placed to be competitive and succeed. Ask yourself:

- What factors detract from our ability to obtain or maintain or increase our competitive advantage?
- What do we need to improve?
- How can we add more value?

**Opportunities**

These are the external factors that are positive and help your organisation to prosper. Opportunities cannot be controlled but can certainly be capitalised on. Ask yourself:

- What market or other external environmental opportunities are out there?
- How can we take advantage of these?

**Threats**

These are the external factors that are negative and could place your strategy or the organisation at risk. Threats cannot be controlled but risk and contingency plans can be prepared to deal with them. Ask yourself:

- Who are our current or future competitors?
- What environmental factors present risks?

Analyse SWOT results

When analysing your SWOT results and using them to guide strategy development, the aim is to maximise the positive influences on your organisation and minimise the negative ones. To do this you should build on strengths; resolve weaknesses; exploit opportunities; and avoid threats.

Often strategies become obvious during the SWOT analysis. Other times, you might need to give it some further thought. If you approach this step methodically and apply the ‘build, resolve, exploit, avoid’ methodology to each relevant point, strategies begin to develop.

Another approach is to consider how the strengths, weaknesses, opportunities and threats relate to each other. This is called a TOWS analysis.

TOWS analysis

Take each identified strength and think about ways you can use it to maximise the opportunities (strength – opportunity strategy).

Look at how each strength can minimise the threats (strength – threat strategy).

Use the identified opportunities to develop strategies that will minimise the weaknesses (weakness – opportunity strategy).

Think of ways to minimise weaknesses and avoid threats (weakness – threats strategy).

Example: analyse a SWOT process

Ricardo manages a new team of salespeople. The team will be responsible for selling a product that has just been introduced to the organisation. He has been asked to put together a strategy by his own manager. He decides to involve his team in the strategic planning process. Because the team is spread throughout the country, in both city and regional locations, he sends a detailed email to each team member, explaining the SWOT process. He includes a blank SWOT template which he asks them each to complete before the next national sales meeting.

He will compile the individual SWOT results into common points under each of the four headings and take these to the sales meeting where he plans to work with his team to finalise the strengths, weaknesses, opportunities and threats. He will then use these to formulate strategies that he will include in his final strategic plan to his manager.



Practice task 7

Conduct a SWOT analysis on yourself and your career. Use the SWOT approach to determine:

- your personal strengths
- your personal weaknesses
- career opportunities
- career threats.

You may need to conduct some research for the external factors.

Use your SWOT to write a career action plan. List your career goals and the steps you will need to take to achieve them. Set a time frame for your plan; for example, three years, five years, ten years.



2E

Consider relevant cooperative ventures that are supported by risk and cost benefit analyses

Inter-organisational partnerships are an important feature of today's global business world. For companies to survive and grow in such a vast and competitive market, sharing of information and resources can be cost effective and strategically sound.

Inter-organisational collaboration will continue to thrive with the increasing proliferation of technology, so it is important that managers are aware of the benefits and the processes involved. This is important so that cooperative ventures with organisations that were once seen as the enemy can be viewed in a different light, enabling organisations to best position themselves to grow and meet the expectations of their shareholders. It is a paradigm shift in thinking but one well worth considering. Decision makers need to not only be able to act in a competitive and hostile environment but to also be able to cooperate with other companies, even competitors, in order to achieve their objectives.



About cooperative ventures

A cooperative venture is collaboration between two or more organisations aimed at achieving a specific objective. This could be as simple as an information sharing activity or as complex as the inception of a new entity. It could focus on a range of activities, such as product development, manufacturing, marketing or distribution.

The aim of a cooperative venture is to combine skills, knowledge and sharing of resources for mutual benefit. Cooperative ventures are often undertaken when one organisation alone does not have the capacity to achieve an objective but can combine with another to do so. A cooperative venture is often a difficult concept for some managers to consider, particularly when they traditionally have operated in a competitive market. It requires a real shift in thinking to consider once adversarial relationships to be opportunities for mutual benefit.

Share resources and risk

In joint ventures, the organisations share control, responsibility, risk, expenses, assets, resources and revenue.

A cooperative or joint venture can be formed for a specific project only and will dissolve when that goal is reached. Alternatively, it can form a continuing business relationship, also referred to as a consortium joint venture. Other cooperative relationships organisations may form include strategic alliances, mergers and co-marketing arrangements.

continued ...

... continued

Why collaborate?

There are many reasons why organisations choose to collaborate. These include:

- to reduce environmental uncertainty
- a project may be too complex, expensive or uncertain for one organisation to handle alone
- sharing of common activities to reduce duplication of effort
- sharing of burden
- sharing of profit
- lack of expertise to undertake an activity alone
- leveraging off one another's strengths and covering each other's weaknesses for mutual benefit.

Management requirements

A venture requires organisations and their managers to:

- shift from a 'barriers up' approach to a 'boundary spanning' approach
- share knowledge and expertise rather than keep trade secrets
- move away from viewing competitors with suspicion and develop trust
- have a more external rather than internal focus
- share information rather than keep it close
- use coordinated conflict resolution and problem solving techniques rather than legal action
- consider virtual teams and cross-departmental and organisational teams.

Example: cooperative ventures

Examples of cooperative ventures can be seen everywhere you look today in the business environment. One early adopter was Sony, traditionally a producer of radios and then televisions. Sony decided it would enter the newly emerging mobile phone market in 2001, although it lacked much of the expertise. It teamed with Swedish telecommunication firm Ericsson to form Sony Mobile Communications as a joint venture. Many of us owned the popular Sony Ericsson mobile phones in the early 2000s. Sony eventually went on to acquire Ericsson's share in the venture in 2012.

Another example can be seen in the partnership of petrol stations and fast food chains to form giant roadside stops along major freeways. McDonalds, Subway and Hungry Jacks have such arrangements with petrol station companies and these are not limited to Australia.

You may have also noticed examples of pet stores teaming up with veterinary clinics to form pet superstores that offer a one stop service for all pet and owner needs. Car wash franchises team with coffee shop chains for mutual benefit so that people can buy a coffee and snack while waiting for their car to be cleaned.



Form a cooperative venture

The formation of a joint venture can be an informal affair, such as a verbal or simple written agreement. However, more often than not, cooperative ventures are complex and legally binding and involve a lot of paperwork and behind the scenes preparation to get up and running. Organisations who undertake such agreements must exercise extreme care and complete a range of checks and balances to make sure the decision is sound and viable. In fact, in some forms of merger, joint venture or partnership, it is a legal requirement.

Due diligence

Organisations considering a cooperative venture must ensure due diligence. This means acting with care and conducting investigations prior to signing a contract. An organisation's shareholders will expect that strong due diligence investigations will occur prior to any such agreements. Performing this type of investigation will help inform decision making. It will weigh risks and benefits and will provide qualitative and quantitative data to support decisions.

More information about due diligence is provided here.

Due diligence activities

Key due diligence activities you might undertake may focus on the following aspects of both businesses:

- Legal and compliance obligations
- Regulatory approvals
- Tax implications
- The solvency of prospective partners
- Any outstanding litigation against prospective partners
- Any encumbrances held by both parties

Seek assistance of experts

It is likely you will need to seek the assistance of experts in each of these fields, which you may have access to internally. Alternatively, you may need to consult externally. For example, if you are developing a new product, a patent lawyer might be required. An accountant would advise on any taxation implications.

Appropriate fit

One of the main challenges in considering cooperative ventures is selecting the right partner. Sometimes this will be obvious. Other times, you may need to undertake some critical analysis in making a selection.

The choice of the partner does not only depend on the organisation's skills and expertise but also their strategic fit with your own organisation if the venture is to be successful. Organisations should have consistency and common ground in their culture (for example, vision, mission and values), their risk management and their structures in order to ensure a good strategic fit.

Tips for ensuring a good strategic fit:

- Establish a profile of an ideal partner, if you do not have one in mind already, and measure all possible partners against your profile.
- Consider geographic location (although this is becoming less important these days).
- Ensure both parties' vision, mission, values and goals are consistent or at least similar.
- If structured differently, consider how you will be able to operate with these differences.
- Gather as much information as you can about your prospective partner, both quantitative and qualitative, from a range of sources.
- Talk to others who have worked with them before.
- Conduct a SWOT analysis on both parties and check alignment of strengths and weaknesses, looking for opportunities to complement each other.
- Ensure there is a clear win-win opportunity.
- Make sure you apply the same evaluation criteria to all prospective partners.
- Check that management teams in both organisations are supportive of the partnership.

Risk assessment

When undertaking a cooperative venture, like any major business decision, a risk analysis should be undertaken to identify any risks and develop strategies to manage them. Ventures that pose significant risks may even need to be reconsidered. To do this you should refer to the organisation's risk management procedures. The following looks at the steps in more detail.

Identify risks

- What are the possible risks?
- How many risks are there?

Assess risks

- How serious are the risks?
- How likely are they to occur?
- What are the possible impacts or consequences?
- What priority should be placed on controlling these risks?

Control the risks

- What strategies can we use to control the risks; that is accept, transfer, avoid or reduce?
- What is involved in this?
- How much will it cost?
- How long will it take?
- What is the desired outcome?

Implement and review controls

- Did the controls work?
- How effective were they?
- Could they be improved?
- What else can we do?

The risk management plan

Risk management templates and guides are widely available on the internet and in project management software. Your organisation may also have its own templates and documentation relating to risk management plans.

When completed, the risk management plan summarises the proposed risk management approach which has been undertaken. It might be used to assist decision-making, to plan at the start of a project, as part of overall business and strategic planning or to demonstrate capability when vying for business; for example, tenders and expressions of interest.

The risk management plan may form part of a larger document, such as a business plan, project plan or strategic plan, or it can be a stand-alone document. In some organisations, it may be added to a risk register for future reference.

The following provides more detailed information about what to include in a risk management plan.

Elements

Whatever its form or purpose, a risk management plan should include the following details:

- The process for identifying, analysing, evaluating and controlling risks
- Personnel responsible
- Costs
- Actions to be undertaken
- Resources required
- Reporting requirements

These inclusions will lead to a very detailed analysis of risk. However, sometimes a more succinct assessment may be required, particularly when assessing risks in the process of making a decision.

Analyse risks

You need to determine the likelihood and impact of a risk. The likelihood of the risk occurring may be very likely, likely or unlikely. Some organisations may use different words such as 'expected' instead of 'very likely', 'probable' for 'likely' and 'improbable' for 'unlikely'. The consequences of the risk may be major, moderate or minor. Other rating terms commonly used are 'disastrous', 'severe', 'extreme', 'minimal' and 'negligible'.

When you identify multiple risks this way, you can prioritise the risks according to impact and likelihood and decide which ones to address first and which ones you may even be able to accept or ignore if both likelihood and impact are assessed as low.

Collaboration

Carefully analyse the objectives of the venture in particular and consider the inherent risks. Determine what issues may prevent the venture partners from achieving their objectives and whether the risk is great enough to outweigh the possible benefits.

Risk analysis should be done collaboratively with both parties involved to ensure thoroughness and objectivity. Risks should be assessed within the personal, technical and organisational spheres of both organisations so that a higher achievement of the strategic goals and an increased chance of success can be achieved. Trust and honesty are very important when parties come together to assess risk. Parties must be open about their weaknesses and fears and willing to share the risks fairly. This must be established prior to the agreement being finalised.

Venture risks

Collaboration can actually present a series of unique risks that may not exist if an organisation were to go it alone. So too, risk can be amplified in a joint venture. The following are a few examples of additional risks inherent in cooperative ventures:

- Loss of intellectual property, trade secrets and security breaches
- Reduction of the direct control/ownership of other areas that was not anticipated
- Higher interdependence
- Loss of independence
- Longer time to market
- Protracted start-up due to teething and operational problems
- Conflicts and litigation
- One partner pulling out and benefiting as a competitor from increased knowledge of your operations
- Staff dissatisfaction and migration of staff
- Customer dissatisfaction and migration of customers

Cost-benefit analysis

As well as considering risk, parties need to jointly consider the benefits of the venture and weigh these up against the costs. A detailed cost-benefit analysis should be undertaken both separately and together to ensure the venture and, indeed, the partnership, are viable.

Your organisation will have its own procedures for undertaking a cost-benefit analysis as a result of its everyday decision making and financial management. So will the other organisation. Together, you should undertake an analysis to identify the opportunities presented by the venture. It is likely this will be done with the collaboration of the two finance departments of the organisations but may need your input or guidance. Here are examples of things that need to be considered when undertaking a cost benefit analysis.

Identify costs

The first step in the analysis is to identify the costs involved in the venture, which may include time, physical resources, and equipment. It may be difficult to assign a monetary value to some requirements, and to benefits, so this is where the input of the organisation's finance team is critical.

Consider also the costs incurred managing the venture, such as administration costs.

Identify benefits

Benefits may be quantitative or qualitative. For your organisation, actual benefits might be articulated in terms of improved products, increased market share, and reduced operation costs, and the impact of these improvements on the organisation's competitive advantage. When quantifying benefits, enlist the support of the organisation's finance team to assign values.

Benefits need to be considered in light of their relationship to meeting organisational objectives. You must also work on the basis that benefits are merely predictions.

Compare costs and benefits

If the value of benefits, both monetary and other, is much greater than the total costs, the venture can be considered viable. If the total costs are significantly greater than the total benefits of the cooperative venture, then it is likely that the partnership is not a wise investment of both organisations' time and resources.

If total costs and benefits are equal, the venture may need to be re-evaluated and the cost benefit analysis revised before a decision is made. Sometimes, items are missed or incorrectly quantified, resulting in errors in the results of the cost-benefit analysis.

Strategic planning

Once a cooperative partner has been identified, risks and benefits have been analysed and the venture is approved for implementation, there is a great deal of planning that must be undertaken to integrate it with the current operations and strategic direction of both organisations and to make it happen.

Planning will include:

- finalisation of details such as risk definition, profit and cost sharing, liability, roles and responsibilities of each party
- contractual agreement
- application for legal requirements, such as trading names and licenses.
- coordination of infrastructure management
- acquisition of funding.

Resource the venture

Once all of the ground work has been laid, project planning can begin which means that the venture will need to be resourced. This will include:

- recruitment of staff for the new venture, either internally or externally
- acquisition of plant and equipment
- establishment of project goals
- development of an action plan that identifies time lines, personnel, events and deliverables.

Example: cooperative ventures

Caltex Woolworths is a chain of petrol stores in Australia. It is a 50:50 joint venture between Caltex Australia and Woolworths Limited. Caltex Woolworths offers a four-cents-per-litre discount off the pump price for customers who present a docket as proof of purchase for spending \$30 or more at Woolworths and Safeway supermarkets.

The Woolworths Everyday Rewards loyalty card also allows customers to access their discount by swiping their cards at Woolworths stores nationwide and then presenting it again at Caltex Woolworth's petrol stations.

This joint venture capitalises on combining and growing the market share of both large organisations and encourages loyalty and repeat custom.



Practice task 8

With a partner or colleague, identify some potential organisations your organisation could undertake a cooperative venture with. Choose one and write a report discussing the pros and cons of a possible joint venture. Your report should be no more than one page in length.

2F

Check that analyses are consistent with other people's perspectives

Once you have undertaken all of the analysis and collected the data to help inform your strategic plan, you should take some time to consult with relevant stakeholders. This may include presenting your SWOT analysis, results of environmental scans and other external research, competitor analysis, and consideration of cooperative venture opportunities. Do this before commencing the formal planning process to validate your findings and gain additional insight to inform your plan.

Stakeholders may include your team, your manager, the executive team, the Board, shareholders, and external experts, such as your organisations accounting firm and legal team. Here are examples of the reasons why consultation is important and consequences that need to be considered when checking that analyses are consistent with other's perspectives.

Purpose

Reasons why consultation is critical:

- Your analysis may be subjective.
- You may not have considered other significant factors.
- You may have made errors.
- Your findings may not be consistent with the opinions or observations of others.
- Others in the organisation may add a new dimension to your thinking or other ideas.
- It is important to harness the skills, knowledge and experience of others.
- Others may not share your opinion.
- You need to get buy-in from stakeholders to implement your strategic plan.
- It may be a requirement of your organisation's corporate governance.

Consequences

Failure to effectively consult at this stage may result in:

- lack of support during implementation
- breach of corporate governance rules and regulations
- poor business performance due to planning based on false assumptions
- omission of risk management strategies that may have a negative impact on performance
- damage to your and/or the organisation's reputation.

Strategies for consultation

When consulting and seeking feedback and advice, be clear on what you are asking for. Explain your objectives and what you expect of the stakeholders. If possible, provide a defined list of questions, preferably in writing, to guide responses. Use clear and uncomplicated language which is free from jargon.

Remember to customise your requests to the stakeholder/s you are targeting. For example, do not include complex financial language or jargon when consulting your team members. On the other hand, provide finance staff with of the relevant data and statistics they will understand or prefer.

The following are some of the many options for communication and consultation techniques, together with examples of when they might be adopted. It is worth remembering that more than one method may be used in many cases.

Consultation methods:

- Reference groups/steering committees
- Focus groups for customer or other small group feedback
- Surveys to gauge opinions from stakeholders
- Informal discussions to seek peer or management advice
- Reviews and written feedback from experts from within or external to the organisation (sometimes combined with key stakeholder consultation)
- Meetings to deliver information and seek immediate feedback face-to-face
- Presentations, followed by audience feedback for executive, staff or peer approval

Incorporate feedback

Once you have received feedback and advice, it is important that it is documented and recorded and that it is incorporated, where appropriate, into your findings. Remember, not all feedback and advice must be implemented. It is your job to decipher the range of advice, sometimes conflicting, and to determine what is relevant and appropriate.

This may mean following up to get further information from individuals in some cases. Whether you end up taking the advice on board or not, it must be formally noted for future reference.

Documentation of feedback

- Recording, distributing and filing minutes of meetings.
- Saving relevant emails to your strategic planning folder.
- Formally acknowledging receipt of advice and feedback in writing.
- Keeping a register of who was consulted, who responded and the results or action taken.
- Diarising or taking notes of telephone or other verbal discussions.
- Filing survey response forms.
- Collating and charting or presenting results of collective feedback and publishing them.
- Presenting collective feedback at board, staff or executive meetings.

Example: confirm analyses information

Melody finishes her research and analysis of her internal and external environment and wants to seek feedback from her team about the findings before they go ahead with developing the department's strategic plan at next week's planning day.

She distributes the following email to her staff to seek feedback and input.

To: All staff

Subject: Research findings – your feedback

Hi Team,

I have attached some documents which represent the findings of research I have conducted into our internal and external drivers. I am hoping this information will help inform our strategic planning exercise next week.

But first, I just want to run the findings past you all and see if there is anything that stands out or that I may have missed. Please take a look at the findings in the report and then complete my feedback pro forma.

- Were there any errors in the information presented?
- Were the findings consistent with your expectations or understanding of the situation?
- Do you have any other ideas that were not included in the factors or research undertaken?

I will need time to collate your responses and incorporate any changes by the end of this week.

I know it seems like extra work and we are busy at the moment but I value your opinion and I think your input now will make the planning event more efficient and effective. Thanks in anticipation.

Melody

Department Manager

Practice task 9

Develop a checklist of stakeholders you would or should consult to confirm your research findings and analysis of internal and external environments in your organisation. You could use this table to help develop your checklist.

Stakeholder	Subject of consultation	Method of consultation

Summary

1. You must know about all of the internal and external factors affecting your business, now and into the future, and plan for them.
2. The internal environment of an organisation refers to variables which are confined to within its operation.
3. The external environment refers to any outside elements that affect an organisation.
4. Careful monitoring of an organisation's internal and external environments allows a manager to detect early signs of opportunities and threats that may influence its current and future plans.
5. A PEST analysis considers political, economic, social and technological factors to assess a market.
6. Market analysis should focus on the competitors in your chosen market and the allies or customers. Knowing the strengths and weaknesses of each will assist you in formulating strategies to optimise your own performance and gain target market share.
7. To develop a strong business strategy you need to be sure you have identified and considered all of your business's strengths and weaknesses. Then you can evaluate them against the opportunities and threats that exist externally, and use this to focus your planning.
8. It requires a real shift in thinking to consider competitive relationships as opportunities for mutual benefit.
9. You should take some time, before commencing the planning process, to consult with relevant stakeholders to validate your findings and gain additional insight to inform your plan.

Learning checkpoint 2

Analyse the internal and external environments

This learning checkpoint allows you to review your skills and knowledge in analysing the internal and external environment.

Part A

1. Identify the external environmental factors that can influence an organisations strategic planning.

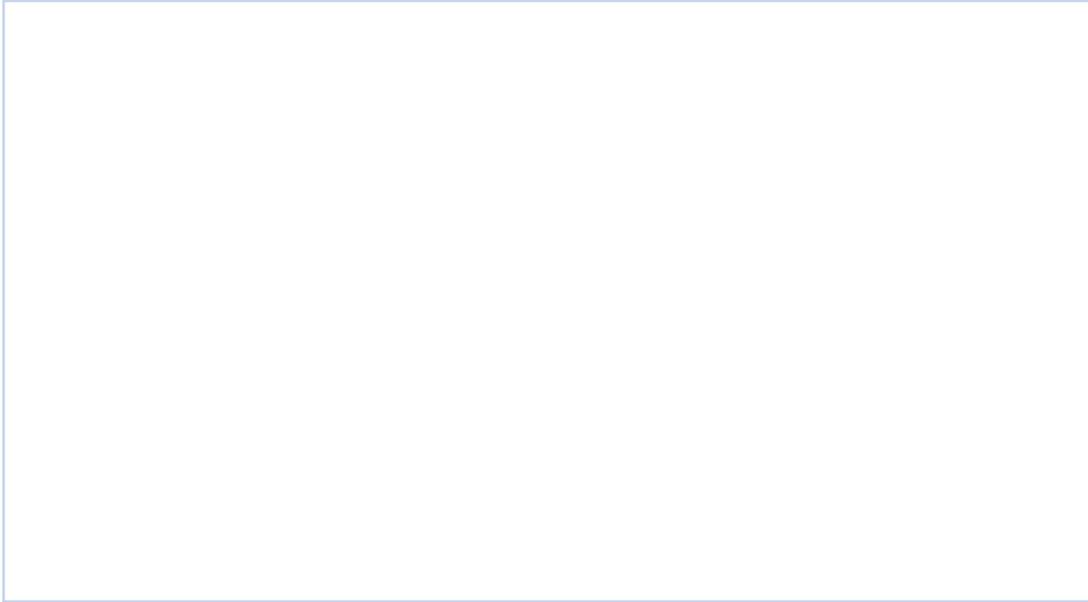
2. Define 'internal environmental factors'.

3. Identify and describe one research and analysis method for examining external environmental factors.

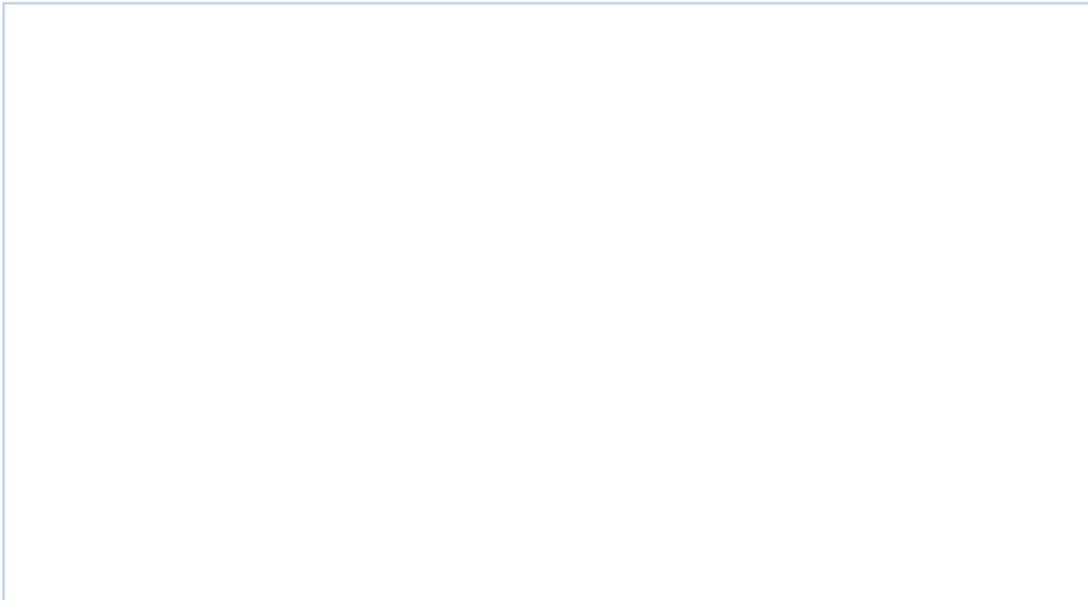
4. Explain why it is important to take into consideration legislation, codes of practice and other regulations when undertaking strategic planning activities.

5. What do the letters in the acronym PEST stand for in a PEST analysis?

6. Explain why you should consult with experts when considering external environmental factors.



7. List three tips to follow when consulting with experts.



8. Explain one method for calculating your market share.

9. Explain what is meant by the term SWOT analysis.

10. Define 'cooperative venture'.

11. Identify three potential risks specific to cooperative ventures.

12. Explain the role of both parties in undertaking cost–benefit analysis for a cooperative venture.

13. Explain why it is good practice to consult with key stakeholders once you have researched and analysed internal and external environments.

Part B

You have been tasked by your manager to undertake a snap SWOT analysis of the organisation, based on what you already know about your internal and external environment.

Use the four-step approach to present your analysis. Explain and justify your notes briefly.



Topic 3

Write a strategic plan

The development of a strategic plan involves developing objectives, defining key strategies, developing measures and creating the operational plan.

In this topic you will learn how to:

- 3A Document relevant research
- 3B Formulate strategic objectives and strategies needed for the future
- 3C Assign priority, a time frame, responsibilities and performance indicators for each strategy
- 3D Circulate the strategic plan for comment, support and endorsement

3A

Document relevant research

Now that you have gathered and reviewed all of the intelligence around the organisation's vision, mission and values, and have assessed the internal and external drivers, you need to gather the data and prepare it so that it can be used to inform the development of the strategic plan. By now you have collected a range of data that will help inform the strategic planning process. All of this data will be referred to when you begin to develop objectives and the strategies for achieving them. As this process is likely to include multiple personnel from a range of departments and at different levels from within the organisation, information must be documented appropriately and presented in terms that will be understood and easily accessible by all parties.

You should have the following data prepared.

Confirmed vision

Purpose:

- To guide the overall planning process.

Format:

- Vision statement

Organisational mission

Purpose:

- To focus actions that will reflect and help fulfil the vision.

Format:

- Mission statement

Values

Purpose:

- To define behaviours and actions that will reinforce the chosen values and reflect vision and mission.

Format:

- Key values
- Value statements
- Associated behaviours/actions

Legislation

Purpose:

- To ensure all objectives and strategies developed comply with regulatory and legal requirements.

Format:

- List of relevant Acts, regulations and codes of practice
- Summary points of any key aspects relating specifically to your organisation and the work you do

External analysis

Purpose:

- To guide development of objectives and strategies.

Format:

- Results of analysis, including any graphs, facts, trends and statistics
- PEST outcomes
- Data from environmental scanning

Competitor analysis

Purpose:

- To identify threats and inform strategic development on gaining competitive advantage and winning increased market share.

Format:

- Details of:
 - rivalry among competitors
 - new entrants
 - buyer bargaining power
 - supplier bargaining power
 - substitute products or services.
- Format appropriate to the information collected and the intended audience

Ally analysis

Purpose:

- To understand the market and identify opportunities.

Format:

- Market share calculations
- Listed opportunities

Internal analysis

Purpose:

- To identify internal strengths and weaknesses and assess them against external threats and opportunities.

Format:

- SWOT analysis

Venture opportunities

Purpose:

- To determine if a collaborative venture is a viable option in meeting objectives when developing the plan.

Format:

- Information on possible partners
- Results of initial due diligence
- Risk management and cost-benefit analysis in a range of formats, including graphs, profiles, charts, tables and reports

Organise documentation

The collation of data is likely to result in large amounts of documentation. It is essential that it is organised for easy access by all involved in the strategic planning process. This means storing and filing documentation in a logical way that is intuitive and orderly. Electronic files should be made available on shared drives or on the organisation's intranet and secured appropriately. This may mean applying password protection and allocating access to relevant stakeholders. Consider the following information.

Formats

Documentation may need to be made available in a range of other formats to support the planning process. For example, for a planning day or staff meeting where strategic planning will be undertaken by a group, you will need to make available paper-based copies of documentation. You will need to determine whether one set of documents will be made available per person or shared between two or three participants. Since the data is likely to be considerable, this may be a better and more cost effective option.

Presentation

Documents could be presented in a bound folder with tabs or dividers separating the information into sections. Separate documents may be made available for each data category. You will need to decide what is most appropriate. Some presentation materials may also be required to help facilitate planning, such as slide shows, handouts or posters.

Target the audience

Whatever organisational methods you adopt you should consider the target audience. Here are some example questions that you can ask yourself to ensure you are meeting the needs of your target audience.

Audience considerations

Is the language clear and simple to understand?

Is documentation free from unnecessary jargon?

Does the level of information suit the range of stakeholders in the audience? Is it detailed enough for managers, yet brief enough for operational staff to comprehend?

Is there opportunity for feedback and clarification?

Is there a range of presentation methods used to meet the needs of stakeholder preferences and levels of understanding?

Example: research documentation

Elaine is preparing for an upcoming strategic planning session for her team. This includes managers, operational staff and administrative staff. She has decided to break the team up on the day into four sub-groups which will each consist of a manager or supervisor, one or more operators and an admin person, so that each group is adequately supported during planning tasks and a range of views can be explored.

Elaine prepares five sets of documentation; one for each group and one reference set for the facilitator. The documentation has been prepared to be aimed at management level, but with clear simple language.

Data is presented in detail, with a summary page of key findings at the beginning of each topic. Managers in each group will be briefed about ways they can support their assigned group members, as necessary, to help interpret and explain any complex data.



Practice task 10

Develop a checklist of the documentation you can use to inform the strategic planning process and then use this checklist to collect examples of each item from your organisation.

3B

Formulate strategic objectives and strategies needed for the future

A strategic plan is an organisation's roadmap for success. It gives direction and focus for all employees. It defines results to be achieved and actions for achieving them. It allows employees and departments to align themselves with the organisation's common goals.

There are two types of strategic plans:

1. Singleuse plans: developed to achieve a specific and limited, often one-time set of goals for a given period. These are generally short-term in focus with narrow objectives.
2. Standing plans: ongoing plans used to guide everyday operations within the organisation to achieve overall objectives. They have a longer-term focus, typically 3-5 years.

Strategic plan benefits and limitations

Here are just some of the many benefits of developing a strategic plan. Also listed are the limitations of strategic planning.

Benefits

A strategic plan:

- motivates staff and helps ensure their commitment to the vision and mission of the organisation
- reduces uncertainty
- makes clear to employees what is expected of them and why
- sets performance standards for departments, teams and individuals
- allocates resources to achieve goals
- guides actions to achieve targets, objectives and expected outcomes
- sets measures to monitor whether outcomes are being met.

Limitations

There are some common limitations of a strategic plan and these include the following:

- It can create a false sense of certainty.
- It assumes forecasts and predictions are reliable and likely.
- It can create barriers to innovation, flexibility and problem-solving.
- It may not allow for short term or unexpected changes in external and internal environments.
- It can limit or fail to encourage creativity.
- It requires a significant investment in time, effort and valuable resources.

Features of a strategic plan

A strategic plan has the following features:

- Vision, mission and values – what guides us
- Goals and objectives – what we want to achieve
- Strategies and actions – how we will achieve it
- Key performance indicators or other measures – how we will know if we have achieved it

Strategic and operational plan relationships

The overarching strategic plan of the organisation should inform the individual operational plans of departments or work units. Although it will depend on the organisation, the responsibility for developing organisational plans is usually split as follows:

- Executives and senior managers are usually responsible for developing organisational strategic goals and plans.
- The development of tactical goals and plans are generally the responsibility of departmental or middle managers.
- Operational plans, which identify the specific procedures or processes required to meet goals, are developed by frontline managers and their teams.



Planning at each level informs the other levels.

Develop objectives

Having confirmed vision and mission, and reviewed or redeveloped values and behaviours, the next stage is to use the intelligence you have gained from your research of internal and external environments to develop your organisational goals and objectives.

Creating formal goals and objectives will help you focus on the critical aspects of your organisation and its operations. They define where you are going and how you will get there. Developing objectives to inform an organisation's strategic plan is often referred to as Management by Objectives (MBO). MBO usually involves defining overall and then departmental objectives, using them to monitor performance.

Goals and objectives

Often goals and objectives are combined when strategic planning is undertaken, but it is important to understand there are some differences in the two terms and their functions in a strategic plan in the strict sense. Goals are general statements to communicate what the organisation wants to achieve. Objectives are also often referred to as enabling goals. They are specific, quantifiable, time-sensitive statements that explain how goals will be achieved. Here is an outline of how organisational goals and objectives can be ascertained.

Goals

They reflect your vision and mission; for example:

- To increase market share
- To improve profitability
- To increase productivity
- To improve service delivery
- To reduce impact on the environment

Goals should:

- reflect the vision and mission
- align with the organisational values
- be flexible to allow for change and evolution.

Objectives

They define what will be achieved and when; for example:

- To increase market share by 15 per cent by 2018
- To decrease operating costs by 25 per cent over the next two years

Objectives should:

- state what will happen and when
- provide a measure for corresponding goals
- be achievable
- specify expectations and responsibilities.

Develop goals and objectives

The organisation's activities need to be aligned with the strategic goals and objectives.

Goals and objectives must reflect:

- the organisation's vision and mission
- what is happening in the external environment (identified in the environmental scan)
- your organisation's core capabilities (identified in your environmental/internal scan)
- your strengths, weaknesses, opportunities and threats (identified in the SWOT analysis).

SWOTs and goal grids



Your SWOT analysis should form the basis of your objective development. One common approach for developing objectives from the SWOT analysis is the use of a goal grid. This technique can focus your thinking around SWOT, using a four-square approach.

To use this matrix, simply answer yes or no to the following questions:

- What do you want that you do not already have? (Achieve)
- What do you want or need that you already have? (Preserve)
- What do you not have that you do not want or even need? (Avoid)
- What do you have that you do not want or need? (Eliminate)

The results of the analysis, using a goal grid, will be as follows:

- If you want something you do not have or need (Y/N), your goal is to obtain it (Achieve).
- If you want something you already have (Y/Y), your goal or aim is to keep it (Preserve).
- If there is something you do not want or need and do not have (N/N), your goal is to avoid it (Avoid).
- If you do not want something and you have it (N/Y), your aim is to get rid of it (Eliminate).

State objectives

When you have a plan for what your goals and objectives will be, you can begin to formulate them. Remember, your strategic goals need to reflect the results of the analysis you have undertaken into internal and external factors. Use the SMART principle, as outlined below, to help you develop a 'good' objective.

S	M	A	R	T
Specific	Measurable	Attainable	Realistic	Time framed
Target and clearly define a specific area that you want to improve.	Suggest an indicator of progress; quantify if possible. Determine how you will know the goal has been achieved.	Agree what the goals should be and keep them achievable in the time frame.	Identify what results can realistically be achieved given the available resources, knowledge and time.	Specify when the result can be achieved; make sure there is enough time to achieve the goal, but not too much time.

Time frames for objectives

Strategic objectives are usually developed to span a period of three to five years. This allows enough time for real strategy to be implemented and improvements to be measured over an extended, consistent period. However, it also allows for review in the medium term, in case outside factors have changed and adjustments are needed.

With globalisation of companies and industries and the ever-changing external environment, along with the constant emergence of new technologies, some organisations are beginning to focus their strategic planning in the shorter term. On the other hand, a longer-term view is often adopted by some organisations and in some industries in particular; for example, industries where large investment is needed to stimulate success, such as mining or medical research.

Objectives for operational plans are generally timed for a period of 12 months.

Develop strategies

Strategies are statements of how you will achieve a goal. Strategies must be developed to help achieve the goals and objectives that have now been defined. They also must link back to the vision and mission. They can then be defined, during operational planning, into specific actions and tasks.

For more information on developing strategies, read this article by Don Hofstrand on the Iowa State University website, at: <http://aspirelr.link/vision-mission-statements-article>



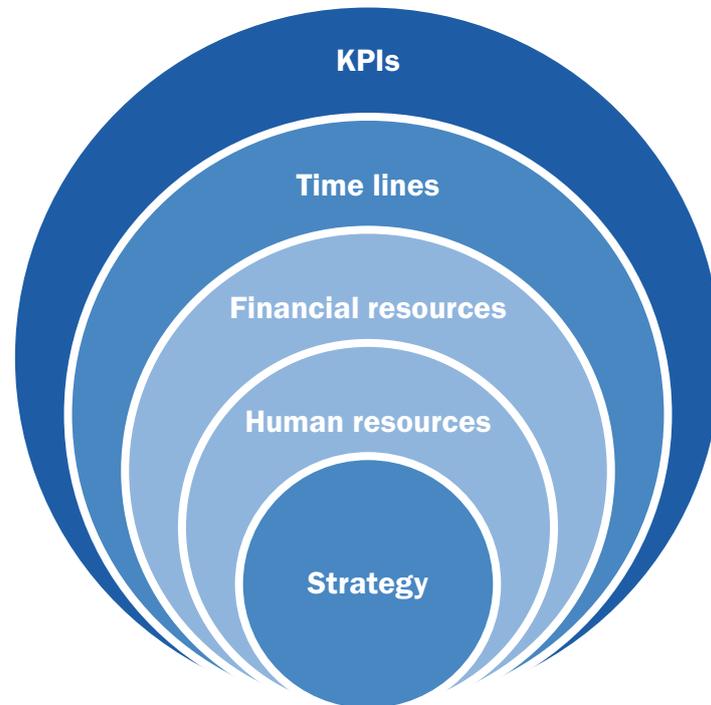
Practice task 11

Here is a generic list of goals. In the context of your own organisation, develop objectives for each goal.

Goal	Objective
To increase market share	
To increase unit sales	
To be innovative	
To increase profit margins	

3C

Assign priority, a time frame, responsibilities and performance indicators for each strategy



Once goals and objectives are developed and strategies and actions are in place, you will need to assign measures for implementation and review, including time frames, responsibilities and performance indicators. Before you can implement your strategic plan, you will need to determine answers to the following questions:

- Who?
- What year?
- When finished?
- How and by whom?
- With what?

Resource strategies

First you must assign responsibility for the actions resulting from the strategies in the plan. Who will manage the actions? Who will carry out the actions? What skills, knowledge, training and support might they need? You may even need to consider recruiting more staff or recruiting expertise that you do not already have within the organisation.

You must then determine what other resources you will require to implement the plan. This might include plant and equipment, a budget, a new sites or premises, additional materials.

This must be scoped out at the beginning of the implementation process and you may need to consult with others within your team, other managers or colleagues for advice and input. You may also need to request extra resources and this might involve making a case for your requirements and presenting it to senior management for sign-off.

Time frames

You will need to allocate time lines within the lifespan of the strategic plan for the implementation of actions in the plan and the achievement of milestones along the way. For example, if the strategic plan spanned five years, you would need to identify incremental steps along the way for achieving the objectives.

The following provides more information.



Schedule

Time may be expressed in days, weeks, months or years, depending on the tasks and sub tasks and the lifespan of the strategic plan. Gantt charts may be used to indicate the person responsible and identify key milestone or review dates.

There are many software products that can assist you in planning time lines for implementation, including Excel, Microsoft Project. Your organisation may have its own procedures and templates in place.

Example

An organisation's strategic goal is to increase market share. The objective is to gain an increased market share of 25 per cent at the end of five years. The organisation has chosen to set annual targets of 5 per cent increments toward achieving that objective.

Key dates in the time line are included in an action plan, and a Gantt chart is used to specify key milestones and assign dates to these milestones.

Key performance indicators

Next, you need to develop and assign measures against which you will gauge the achievement of objectives. These are often referred to as key performance indicators (KPIs) or key success indicators (KSIs). A KPI is a business metric used to evaluate factors that have been identified as being crucial to the success of an organisation. These might be measures of sales figures, or of less tangible things such as customer satisfaction levels. Typically, KPIs are monitored and displayed in dashboards or scorecards so that everyone can view progress towards success. The following provides some more information about developing KPIs.

Developing KPIs

When developing KPIs, remember to ensure they:

- measure progress towards achieving objectives
- are easily accessed and measured
- align with the overall vision and mission of the organisation
- can be conveyed simply via statistics or visuals, if possible.

Examples of KPIs

- Completion rates of WHS workshops
- The percentage of income that comes from repeat clients
- The number of units sold per week per region
- Number of customers served during opening hours for one day

Example: key measures in a strategic plan

To see examples of common KPIs in practice, read this article by Mark Hayes, *67 Key Performance Indicators (KPIs) for Ecommerce*, at: <http://aspirelr.link/67-kpis-for-ecommerce>

Practice task 12

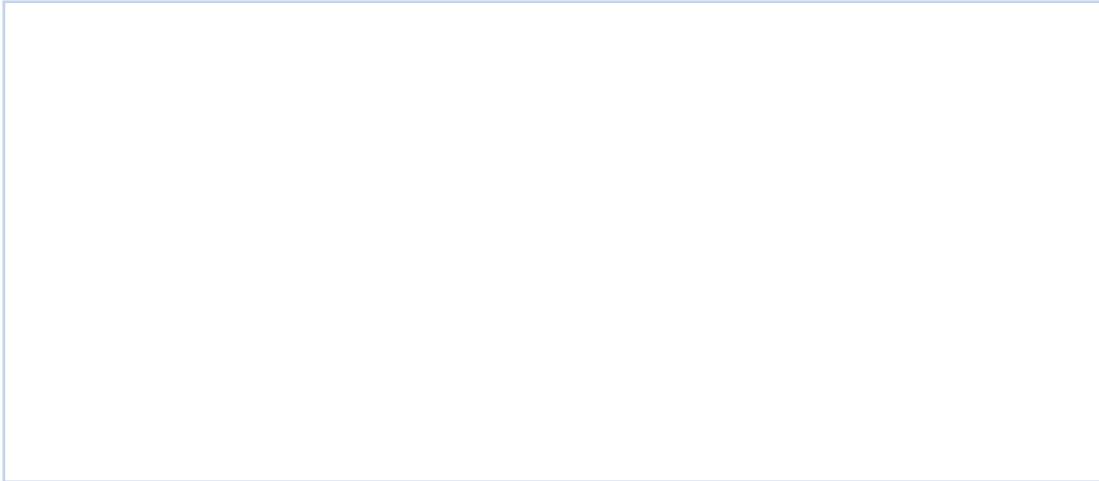
1. Collect some examples of KPIs used in your organisation. Record your examples against the related objective in the table provided.

KPI/measure	Objective

continued ...

... continued

2. Consider whether the KPIs are effective in measuring their associated objectives. If not, write alternatives.

A large, empty rectangular box with a thin blue border, intended for the student to write their response to question 2. The box is positioned directly below the question text.

3D

Circulate the strategic plan for comment, support and endorsement

You should now have a draft strategic plan. Before it can be finalised, you must circulate it for comment, support and endorsement to various stakeholders throughout the organisation.

Just as you consulted key stakeholders along the way when developing the strategic plan, it is now time to seek their input again, before the final plan is signed off. This is necessary for a range of reasons.

Reasons for circulation include the following:

- Corporate governance requirements
- To maximise support and buy-in
- To check accuracy and effectiveness
- To ensure it is actionable by all parties
- To check it aligns with the organisations vision, mission and values
- To confirm understanding
- To gain approval and achieve signoff

How to consult with stakeholders

You will need to consult with key stakeholders such as your team, your manager, the executive team, the Board and shareholders. The following outlines some of the many options for communication and consultation techniques, together with examples of when they might be adopted. It is worth remembering that more than one method may be combined in many cases. Guidance on eliciting and incorporating feedback in drafts to obtain endorsement and final approval is also provided.

Communication and consultation methods

- Reference groups/steering committees; for example, when there are multiple key stakeholders to be represented or when there strong compliance is required.
- Focus groups for customer or other small group feedback.
- Surveys to gauge opinion from stakeholders.
- Informal discussions to seek peer or management advice.
- Reviews and written feedback from experts from within or external to the organisation (sometimes combined with key stakeholder consultation).
- Meetings to deliver information and seek immediate feedback face-to-face.
- Presentations followed by audience feedback; for executive, staff or peer approval.

continued ...

... continued

Be clear

Be clear on what you are asking for. Explain your objectives and what you expect of the stakeholders. If possible, provide a defined list of questions, preferably in writing, to guide responses.

It is a good idea to develop a template or a checklist for reviewers to complete when providing their input so that you can maximise your chances of receiving useful feedback. This will also aid in the collation of feedback from various parties at the end.

Explain the process

It might be a useful exercise, at this stage of consultation, to visit various departmental staff meetings or meet with stakeholders in group or one-one situations. This way you will have a chance to explain the process up until this point, if necessary, and explain how the strategic plan is set out and what its various components mean. Not everyone is familiar with the terms and layout common in strategic plans.

Seek approval

Once you have collected feedback, it can be used to revise the draft plan. This may involve making decisions about conflicting opinions and therefore may lead to further consultation or clarification with stakeholders. After this, a final version of the strategic plan can be presented to the Board, senior executives or other responsible personnel for sign-off. It is possible, although not desirable, that you may have to undertake several rounds of consultation and develop several versions of the draft plan before it is finally signed off, so you should factor that into your action plan.

Example: circulation of strategic plan for endorsement

The following is a time line for the development of a strategic plan for IntMedia. Note that several months were allowed for consultation around the draft plan and sign-off.

Draft strategic plan	
May–June	Kick-off meeting for the development process Request management consultations Collect input from stakeholders and performance reports Two day workshop to draft plan
July	Circulate draft and seek input from directors
August	Update plan Circulate second draft and seek input from directors and identified sample of shareholders at strategic plan forum
October	Update plan Email for endorsement
November	Circulate finalised, endorsed plan to all stakeholders and to operational managers



Practice task 13

Develop a questionnaire you could distribute to relevant stakeholders in your organisation to review your draft strategic plan. Include an accompanying cover letter.

Summary

1. It is essential that results of research into internal and external factors are organised for easy access by all involved in the strategic planning process.
2. A strategic plan is an organisation's roadmap for success. It gives direction and focus for all employees and defines results to be achieved and the actions for achieving them.
3. Creating goals and objectives will help you focus on the important aspects of your organisation and its operations. They define where you are going and how you will get there.
4. Strategic objectives are usually developed to span a period of three to five years.
5. Strategies are statements of how you are going to achieve something.
6. Once goals and objectives are developed and strategies and actions are in place, you will need to assign measures for implementation and review, including time frames, responsibilities and performance indicators.
7. A KPI is a business metric used to evaluate factors that have been identified as being crucial to the success of an organisation.
8. Just as you consulted key stakeholders when developing the strategic plan, you must also seek feedback about the draft strategic plan before it is signed off.

Learning checkpoint 3 Write a strategic plan

This learning checkpoint allows you to review your skills and knowledge in writing a strategic plan.

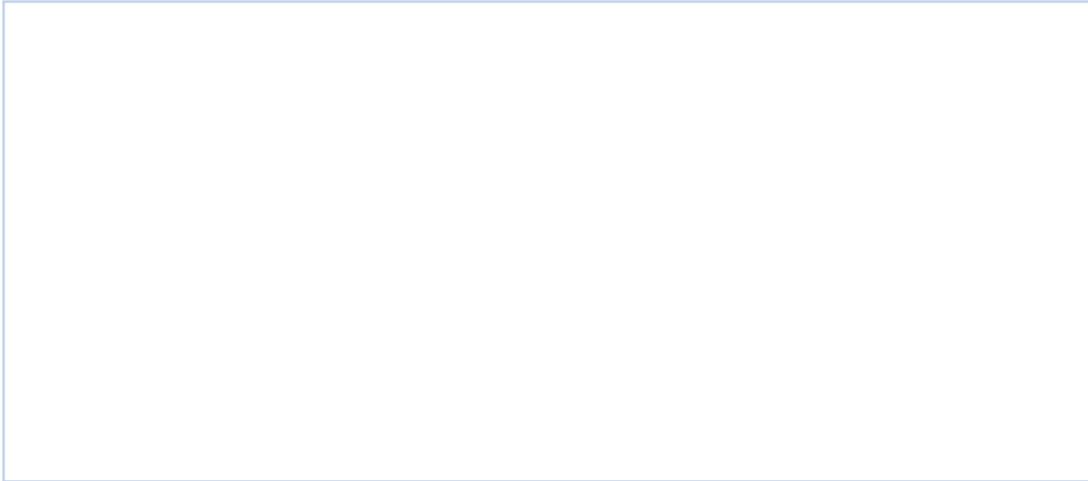
Part A

1. List at least three items that should appear on a checklist of documentation gathered following research into internal and external environmental factors.

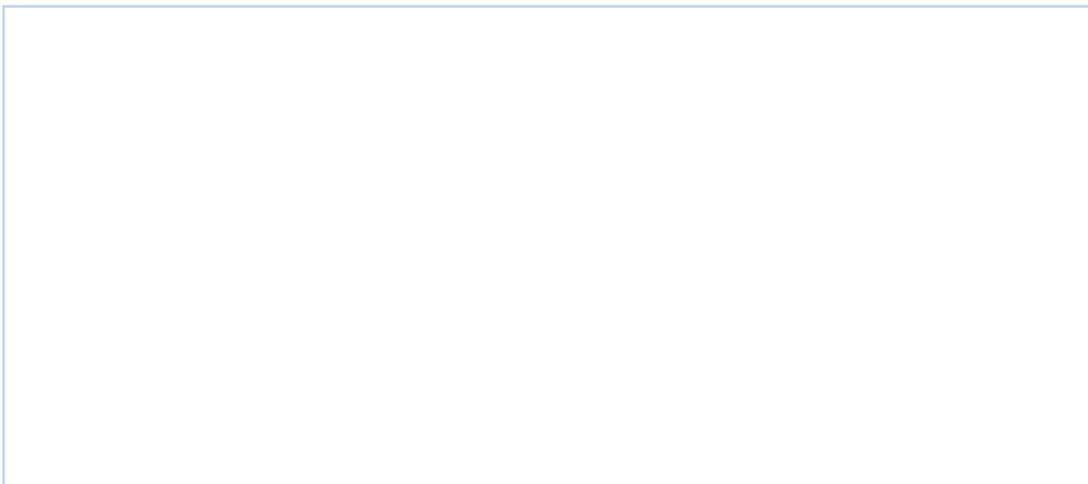
2. List two benefits of strategic planning.

3. List two limitations of strategic planning.

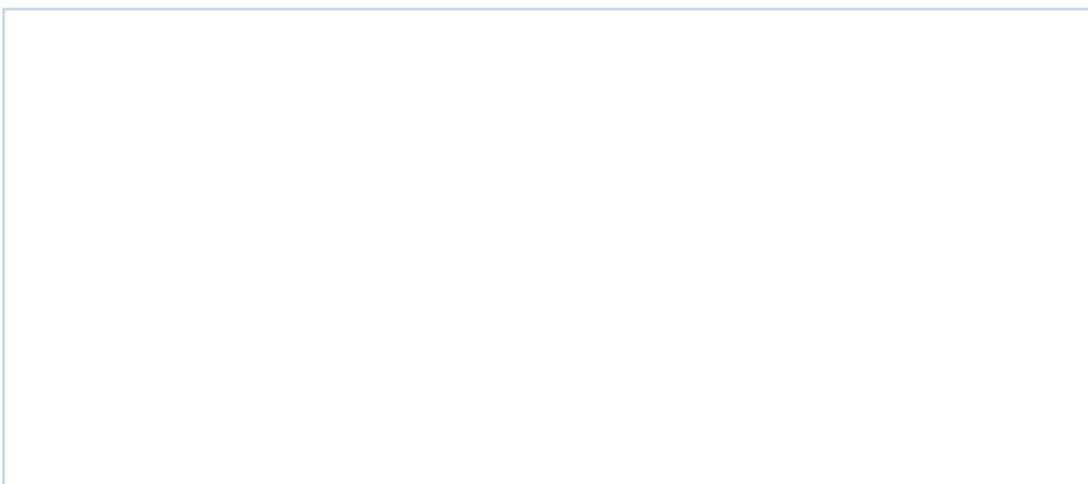
4. Explain the roles and responsibilities of managers in the strategic planning process.



5. What are the differences between goals and objectives?



6. List three characteristics of an effective objective.



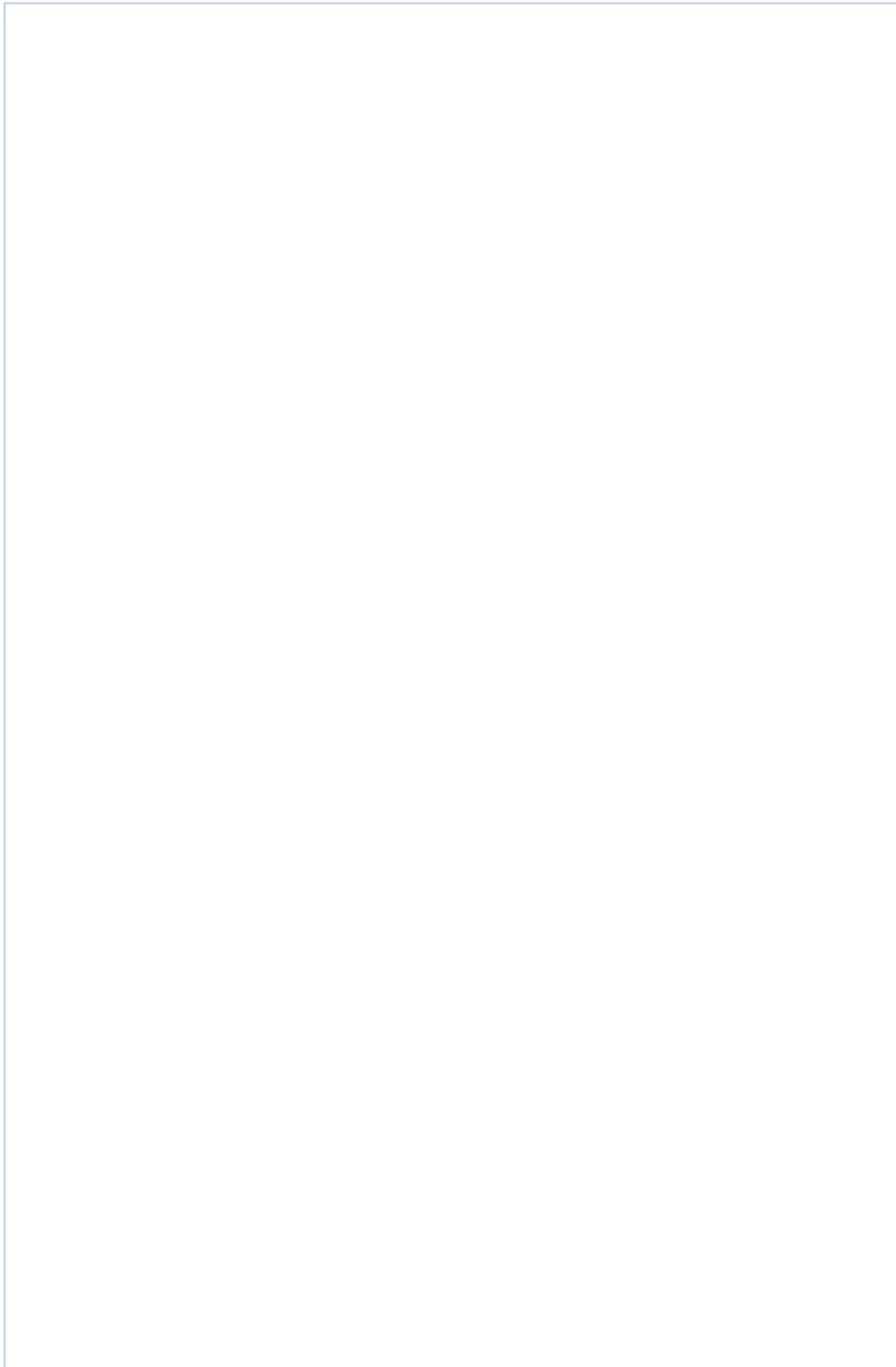
7. Explain the need for assigning time frames for strategic activity.

8. Define the acronym 'KPIs' and explain their relationship to objectives.

9. Explain why it is important to seek endorsement of a strategic plan from key stakeholders.

Part B

Develop a flowchart that describes the elements of a strategic plan and explains the process undertaken to develop one.

A large, empty rectangular box with a thin blue border, intended for the student to draw a flowchart. The box occupies most of the page below the instruction.

Topic 4

Implement a strategic plan

The final two steps in the strategic planning process are implementation and review. Implementation of the plan involves communicating with organisational members, defining roles and responsibilities, and ensuring the activities defined in the plan are actioned. Monitoring and review of the plan involves assessing strategies and objectives and making adjustments to ensure objectives can be achieved.

In this topic you will learn how to:

- 4A Communicate the strategic plan
- 4B Use performance indicators to monitor and evaluate implementation
- 4C Make necessary refinements to the plan
- 4D Review the effectiveness of the plan and identify methods for improving planning processes

4A

Communicate the strategic plan

Once the strategic plan has been developed and endorsed it must be disseminated throughout the organisation and beyond as a first step in the implementation process. Communicating your strategy effectively is just as important as creating it. Organisations that share their strategy with their employees and other stakeholders are best placed to achieve alignment with their vision and mission.

Target audiences

Employees must understand your strategy if they are expected to make day-to-day decisions that will support your vision. Up until now, you have likely worked with a small and focused strategic planning team, all of whom fully understand the process, the background and how you have got to this point. You must not assume others within your organisation will automatically see and understand your intentions.

You need to effectively communicate with them, taking a step back, removing yourself from the process, and putting yourself into their shoes. You will need to identify the target audience that you must inform and make decisions about what to communicate and how. Not all employees will require the same level of understanding and detail. Some stakeholders might get need copies of the plan, including appendices, while others, such as external stakeholders, might receive only an outline of the plan with the main vision, mission, values and goals included.



Audience information needs

The following provides a list of people or groups you might need to communicate the strategic plan to. It also outlines some of the detail that might need to be communicated, but bear in mind that this will need to be in the context of your own organisation and its corporate governance requirements.

Board members

- The plan and accompanying data, including research leading to decision-making
- SWOT and PEST analysis
- Details of goals and objectives
- Actions and key metrics

All employees

- Diagrammatic summary of the plan
- Some accompanying background information
- Explanation of the components of the plan
- Information about what is expected of them

Departmental managers

- Diagrammatic summary of the plan
- Some accompanying background information
- Explanation of the components of the plan
- Brief notes about what the organisation wants departments to do to implement the plan in the time frame
- Enough detail and explanation so that various managers can develop their own operational plans to reflect the strategic plan

Specific staff

- Diagrammatic summary of the plan
- Some accompanying background information
- Explanation of the components of the plan
- Brief notes about what the organisation wants staff to do to implement the plan, including expectations, tasks, metrics and time lines

Shareholders

- Diagrammatic summary of the plan
- Some accompanying background information
- Explanation of the components of the plan
- Brief notes about what the organisation plans to do to implement the plan in the time frame
- Focus will be on the objectives and expected outcomes

Customers

- The organisation's vision, mission and values statements

Communication considerations

Here are several options that you might consider including in your communication of the strategic plan. You should adjust the level of detail according to the audience.

Considerations
Organisational overview: your history and your vision for the future.
Overview of the competitive environment in which you operate: who are your competitors and what is the external environment like?
Objectives: a brief description of the goals and objectives in terms of the projected benefits and outcomes.
Barriers: the obstacles you might come up against while pursuing your objectives. Try referring to these barriers as challenges rather than problems.
Strategies: how you hope to accomplish your goals and overcome challenges.
Implementation: what you are already doing and what you will do to carry out the plan, including who will be involved and what the organisation expects.

Communication strategies

There are many ways you can communicate the strategic plan to your various target audiences. It is likely that more than one strategy will be required to both meet the various needs of the audiences and to maximise opportunities for stakeholders to engage with and understand the plan.

Simply distributing the strategic plan via a memo or email, for example, will not allow you the opportunity to scaffold the plan with supporting and background information. Often, a diagram of the components of the plan and a one-page summary, accompanied by a short presentation targeted at the needs of the audiences is the most effective combination of strategies. Here are several other communication strategies.

Methods

- Posting the strategic plan on the intranet, using blogs and social media to alert people to the location and key points.
- Developing case studies to demonstrate how the plan may be put into action in various departments.
- Newsletters, media articles and feature articles on the organisation's website to communicate the plan to external stakeholders and customers.
- Shareholder and board meetings with audio-visual presentations.
- Holding an organisation-wide information session.
- Visiting various departments' staff meetings and presenting customised information to individual teams.
- Training managers and employees on portions of the plan during orientations.
- Q&A sessions.
- Producing new stationery, letterheads, business cards and signage with the vision and mission included.

Communication plan

You may need to develop a specific communication plan for rolling out the strategic plan to all internal and external stakeholders, including information on:

- who you will inform
- what you will tell them
- how you will tell them
- when you will tell them.

To do this you may need to confer with others in the organisation to coordinate activities, such as marketing and finance.

Tips

- Aim to inspire, educate and reinforce.
- Remember not to adopt too much of a top-down approach.
- Try to have dialogue with stakeholders at their own level, rather than come across as dictating.
- Enlist others in the communication process; department managers can explain the plan in context for their teams, peers can act as champions.
- Allow opportunities for questions and clarification.
- Aim for conversation rather than information, and seek feedback.
- Do not disappear after a big and high profile launch.
- Employ storytelling techniques rather than use statistics to explain strategic direction.
- Utilise social media, particularly if your employee and customer bases are young and tech savvy.
- Consider extra training and support if necessary.

Example: communicate the plan

The new strategic plan for the next five years has just been finalised and endorsed by the Board and Daniel is tasked with communicating it to all of the staff. The marketing department will be responsible for all external communications.

He has a short time frame in which to do this, so he needs to develop a communication strategy that is thorough, yet efficient. He knows the staff Christmas party is coming up so he plans to use this opportunity, when staff are all together, to launch the plan. He thinks it is a good opportunity to celebrate the year's achievements and discuss how the organisation can achieve even bigger and better things in the coming five years.

He realises that this is also a good time of the year to do this, when departments are beginning their planning activities for the following year. He develops a template for all managers to use in the final department meetings of the year to reinforce the message from the Christmas party launch and prompt discussions about how teams can implement the plan practically in their own departments.



Practice task 14

Use this table to make a list of your own target audiences and the methods of communication you would choose for each when communicating your organisation's strategic plan.

Target audience	Information included	Method of communication

4B

Use performance indicators to monitor and evaluate implementation

The continual monitoring of performance over the lifespan of a strategic plan enables managers to determine whether the plan is being effectively implemented, the level of progress and success in meeting objectives and whether the plan requires amendments.

Successful implementation and performance can be monitored via operational plans and the performance indicators set at the commencement of the strategic plan. As you implement your strategic plan within the various work units of your organisation, it is important that you monitor activities and the resulting performance on an ongoing basis. You will need to do this for a range of reasons as outlined below.

Reasons for monitoring activities

- The Board and shareholders will expect updates on progress towards achieving strategic goals and objectives.
- Any non-compliance or poor performance should be identified early so that adjustments can be made to minimise impact.
- Any misinterpretation of objectives or strategies by staff or department managers can be identified and addressed.
- Implementation issues can be easily identified and remedied.
- External factors and issues that are creating a barrier to success can be quickly identified and managed.

Monitor progress against KPIs

Once the strategic plan has been implemented, you need to set regular review milestones. These milestones should be used for checking progress against KPIs. Ideally, the plan should be reviewed once every quarter and this is a likely expectation of the Board and shareholders.

However, at an operational level, it is important that managers are on top of their performance indicators at all times so that daily adjustments, if necessary, can be undertaken to make improvements. It is too late to wait until an organisation quarterly review to find out your department is underperforming. When monitoring performance you will be assessing timing, roles, responsibilities and performance results.

Dashboards and scorecards

Typically, KPIs are monitored and displayed in dashboards or scorecards so that everyone can view progress towards success on an ongoing basis.

- A dashboard is a performance monitoring system, enabling the effective presentation of complex results.
- A scorecard is a performance management system.

Both scorecards and dashboards measure performance against pre-determined KPI metrics, and communicate this information in easily understood, interactive reports. Many organisations will use one or both, or may even combine the two methodologies in one visual display. For example, some dashboards have evolved to also include the ability to track progress towards an objective. Both can be developed using simple software products, such as Excel or Microsoft Project.

For more information about dashboards and scorecards see the article ‘What’s the difference between a dashboard and a balanced scorecard?’, from the BSC Designer website, at: <http://aspirelr.link/dashboard-vs-balanced-scorecard>

Individual performance

Measuring performance against KPIs is not isolated to a department’s or organisation’s financial results. Individual performance can also be monitored against KPIs. It is good practice for organisations to link the performance goals of individuals in their work plans or performance plans directly to the values and objectives of the strategic plan. Individual KPIs can then be set or negotiated between individuals and their managers. Managers and individuals can discuss performance against those KPIs at regular performance reviews; for example, annually or biannually.



Assess performance

When monitoring performance using metrics, you need to identify instances of underperformance and focus on any roadblocks, or barriers, that may have caused failure. You will need to analyse what stopped individual strategies or tactics from being properly enacted. There might have been an unexpected external factor, such as a spike in interest rates, or there may have been an internal problem, such as a lack of training and support for implementation in a particular department.

You need to be asking:

- What is happening?
- Why or why not?
- What is getting in the way?
- Who needs help?
- Who needs recognition?
- What can we learn from the success or failure?

Example: how to use performance indicators

The branch manager of a 'big four' Australian Bank has been set targets by his area manager for the sale of insurance policies. In the past, he has tried cross selling these products each time he signs new customers up for a home loan. But the targets are increasing and he decides to enlist the help of his staff. He briefs staff and offers incentives for the staff member who sells the most policies to customers over the counter.

He develops a scorecard on a poster in the staffroom which he updates every week of the month long campaign, listing how many sales each teller has made in the past week. He also uses a graph to plot the team's progress towards the overall branch target in dollar sales. The staff enjoy the competitive nature of the challenge and it encourages them to focus on innovative ways to cross-sell to customers.

At each week's staff meeting, the manager takes a few minutes to report to staff about the updated scores and they begin to look forward to seeing the board updated each week to see who is winning.



Practice task 15

Collect examples of dashboards, scorecards or other methods your organisation uses to monitor performance against key performance indicators. Briefly describe each example you have collected. You could use this table to complete your findings for this task.

KPI	Evaluation	Description	Frequency

continued ...

... continued

KPI	Evaluation	Description	Frequency

4C

Make necessary refinements to the plan

Strategic plans are developed typically for a time frame of three to five years because this is seen as enough time to effect real and measureable change but not too long so that it can accommodate changes over time in the business environment. However, the growing volatility of internal and external factors in today's business world means that it is sometimes necessary to make amendments and revisions to the strategic plan within its lifespan.

Reasons for review

The need to review and revise a strategic plan within its lifespan is an interesting dilemma. Even though managers are asking their teams to commit to a planned and staged approach to meeting objectives, they also need to be responsive to changes in circumstances. It is a balance between planning and adapting actions to keep strategy alive, fresh and relevant.

The following outlines why regular reviews are important.

Regular reviews

It is good practice to review the strategic plan regularly to be sure that you pick up on and respond to any changes. This might be monthly, quarterly or annually, depending on your industry, the lifespan of the plan and your organisation's operations. A review involves undertaking a mini version of your original strategic planning process, scanning environmental factors and adjusting goals, objectives, strategies and metrics to suit, where necessary.

You will be looking for:

- the degree to which your planning assumptions and objectives are still valid
- unanticipated changes in your internal and external environment to which you may have to adapt
- confirmation of assumptions.

Reasons for change

- Changes in the external environment; that is, political, economic, social, and technological factors, such as a recession or the emergence of a new technology.
- Implementation problems; that is, difficulty putting strategy into practice, such as:
 - lack of appropriate candidates to fill vacancies or increased staff demand created by a new strategy
 - lack of skills or knowledge of managerial or operational staff to carry out planned strategy
 - poor communication of objectives within the organisation
 - the chosen metrics did not provide useful measurements.
- Changes in internal factors, such as staff resignations or a forced redundancy program.
- Under-performance against key metrics.
- Over-performance against key metrics.

Amend the plan

When you identify the need to make refinements, it is likely that they will not call for a complete overhaul or rewrite of the whole strategic plan. Unless there is an extraordinary internal or external event, major review, revision and updates should not be needed before the end of the plan's lifespan.

Instead, they may simply be minor adjustments to strategy or metrics. Better still, you may determine that some factors affecting the achievement of an objective may only be temporary so no adjustment is necessary and this would be treated as a minor, short term anomaly.

Here are some simple examples of problems or changes that may arise and possible amendments that might be made to cater for them.

Problem	Amendment
Increased oil prices resulting in higher petrol prices	Nothing required; temporary factor
New competitor undercutting prices	Look for value-add opportunities or possible reductions in production costs
Higher than expected sales	Increase staff numbers
Poor performance in a geographic area	Store closure or additional support for franchisee
Hotter than expected summer	Temporary increase in stock
Your advertising campaign is not reaching its target audience	Redesign marketing strategy or make minor adjustments to frequency of advertising

Critical points to consider

Whenever you make changes to the strategic plan, there are several critical points to consider.

Making amendments
Make sure new or changed strategies and actions still align with the organisation's original vision, mission and values.
Make sure goals and objectives are the focus of any strategic changes.
Make sure you follow organisational policies and procedures when undertaking this review.
Make sure you follow all of the steps in the process you would normally undertake when signing off and implementing a strategic plan.
Make sure all related documentation in manuals, intranet and internet sites, is amended to reflect any change.
Make sure all relevant staff, particularly those involved in implementation, are aware of new expectations and responsibilities.

Example: amending the strategic plan

In 2009 the Victorian Government introduced the 'contestability' funding model into the Vocational Education Sector, meaning that TAFEs were forced into competing with private providers for students on a more equal playing field. This meant TAFEs needed to reconsider their strategies to maintain market share.

Since this time, TAFEs' market share has plummeted, programs and courses have been slashed, jobs have been lost and campuses have closed across the state. Some say it was the TAFEs' failure to adequately adapt to the change and refine their strategic approach that led to this situation.

Practice task 16

Look at your current strategic plan. Consider when it was developed and how far into the lifespan of the plan are you now. If your strategic plan has only recently been introduced, refer to a previous plan. You may choose to discuss this task with colleagues, your manager or others who may have been involved in the planning process.

1. What internal factors have changed since the inception of this plan?

2. What external factors have changed since the inception of this plan?

3. How have these changes impacted on your organisation's ability to achieve its goals and objectives.

4D

Review the effectiveness of the plan and identify methods for improving planning processes

The final stage in the strategic planning process should be a review of all steps undertaken to inform any improvements for future planning, adopting a continuous improvement approach to planning. Many organisations, for one reason or another, fail to execute their chosen strategy, so it is important to find out why and what can be done better in the future.

By reviewing the strategic planning processes, you can gather intelligence on what worked and what didn't to better inform the next iteration of the plan. During the review, you should assess how effectively you undertook each step in the strategic planning process.



Conduct a review

Establishing a system to measure and monitor the effectiveness of your strategic planning can greatly enhance the impact of the process and lead to greater success. An effective measurement system enables management to address areas of non-performance or under-performance by implementing corrective actions. Lessons learnt can also be fed into future planning activities to achieve improved outcomes.

The following provides more information about how to review the strategic plan.

Methods

There are many ways to review strategic planning. These include:

- consulting with key stakeholders
- distributing questionnaires or feedback proformas
- debriefing before developing new strategic plans
- conducting a review meeting
- benchmarking with peers, departments or even competitors
- rating overall outcomes against objectives to identify areas for improvement.

Tips

Here are some tips that you might consider adopting when undertaking a review:

- Try undertaking peer review where departments swap and analyse each other's plans with a given set of criteria.
- Adapt planning cycles to the needs of your organisation. Conduct these more exhaustive reviews every three to five years or at the conclusion of the plan's lifespan only.
- Try alternating or staggering which departments you review to make the task more manageable.
- Involve one champion from another department who has already participated in a review to join in the next department's review.
- Implement a strategic-performance-management system if one does not already exist in your organisation.

Improvement opportunities

Try following these strategies for improving the strategic planning process.

- Make sure you involve the right people, including the most experienced and motivated team members who will stimulate and challenge each other through open and honest discussion.
- Map the process to gain an understanding of the methods, tools and techniques used during each stage or step.
- Identify the issues at each step, and the effectiveness of the tools and techniques used. For example, you may find that the environmental scanning step is costly and time consuming.
- Determine root causes of issues and develop solutions. For example, it might be that you decide to outsource environmental scanning to ensure reliable and valid data is collected and analysed in a timely manner.
- Incorporate improvement into the strategic planning policy or guidelines.

Example: identify areas for improving a strategic plan

Consider the following approaches to the evaluation of the strategic plan and the strategic planning process:

- The Developing Governance Group, 'Monitoring and reviewing your strategic plan', at: <http://aspirelr.link/monitor-and-review-strategic-plan>
- City of Mandurah, 'City of Mandurah strategic community plan 2013-2033: Desktop review', at: <http://aspirelr.link/mandurah-strategic-plan-review>

Practice task 17

1. Why is it important to review the strategic planning process?

2. List three methods for reviewing the strategic planning process.

Summary

1. Communicating your strategy effectively is just as important as creating it.
2. Organisations that share their strategy with their employees and other stakeholders are best placed to achieve alignment with their vision and mission.
3. The continual monitoring of performance, over the lifespan of a strategic plan, enables managers to determine what action is required to improve performance.
4. Once the strategic plan has been implemented, you need to set regular review milestones for checking progress towards achieving goals and objectives.
5. Typically, KPIs are monitored and displayed in dashboards or scorecards so that everyone can view progress towards success on an ongoing basis.
6. The growing volatility of internal and external factors in today's business world means that it is sometimes necessary to make amendments and revisions to the strategic plan within its lifespan.
7. Many organisations, for one reason or another, fail to execute the chosen strategy, so it is important to find out why and what can be done better in the future.

Learning checkpoint 4 Implement a strategic plan

This learning checkpoint allows you to review your skills and knowledge in implementing a strategic plan.

Part A

1. When communicating a strategic plan to board members, shareholders and departmental managers, list the details you would communicate, and the methods you might use in the following table.

Stakeholder	Details	Methods
Board members		
Shareholders		
Departmental managers		

2. Give three reasons why you may need to monitor and measure performance of a strategic plan on a regular basis.

3. Explain the difference between a dashboard and a scorecard.

4. Explain why a strategic plan might need to be revised during its lifetime.

Part B

Read the case study, then complete the task that follows.

Case study

Bree has been asked by her general manager to conduct a review of the previous strategic planning process to see if there are any lessons to be learned. Since the organisation has only been operating six years, this is the first time such a review is being undertaken and she is not sure where to start.

Develop a diagram or a flowchart describing the process Bree should follow to undertake the review. Provide key points to explain each step.



