

BSBSTR602

**DEVELOP
ORGANISATIONAL
STRATEGIES**

BSBSTR602

Develop organisational strategies

Release 1

Learner Guide

Aspire Version 1.1



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Before you begin

This Learner Guide is based on the unit of competency *BSBSTR602 Develop organisational strategies*, 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	These highlight key 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.
Summaries	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 provides definitions for each foundation skill.

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 data and information to identify trends and to estimate resource implications of proposed strategies
Self-management	<ul style="list-style-type: none"> Works autonomously making high level decisions to achieve and improve organisational goals Seeks feedback or expert advice, where required
Initiative and enterprise	<ul style="list-style-type: none"> Takes a lead role in the development of strategies to achieve organisational goals Selects and uses appropriate conventions and protocols when communicating with internal and external stakeholders to seek or share information
Planning and organising	<ul style="list-style-type: none"> Develops flexible plans for complex, high impact activities with strategic implications, taking into account capabilities, efficiencies and effectiveness
Teamwork	<ul style="list-style-type: none"> Collaborates with others to achieve joint outcomes, playing an active role in facilitating effective group interaction, influencing direction and taking a leadership role

Foundation skill area	Foundation skill description
Problem solving	<ul style="list-style-type: none"><li data-bbox="619 412 1359 479">▪ Applies problem solving processes to identify risks, evaluate options and determine solutions<li data-bbox="619 483 1359 551">▪ Evaluates outcomes to identify opportunities for improvement<li data-bbox="619 555 1359 658">▪ Systematically gathers and analyses all relevant information and evaluates options to inform decisions about organisational strategies

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 vision and mission of the organisation	1A Identify organisation's strategic direction, vision and mission and consult with stakeholders on required changes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Review, develop or revise organisational values to support the vision and mission	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Seek 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 environment	2A Research and analyse external environment	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Undertake assessment of competitor organisations	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Analyse the organisation's strengths, weaknesses, opportunities and threats (SWOT)	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Establish 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
	2E Seek and respond to feedback from stakeholders	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic	Key outcome	Rate your confidence in each section
Topic 3: Develop a strategic plan	3A Document relevant research	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Develop objectives and strategies relevant 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 Identify risks and develop a risk management plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3E Circulate the strategic and risk management plan for feedback and endorsement	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 4: Implement strategic organisational plan	4A Communicate the strategic plan	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4B Develop actions, initiatives and roles for team members	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4C Use performance indicators to monitor and evaluate implementation and achievement of objectives	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4D Review the effectiveness of the plan and consider methods for improving strategic planning processes	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident



Topic 1 | Confirm vision and mission of the organisation

- 1A Identify organisation's strategic direction, vision and mission and consult with stakeholders on required changes
- 1B Review, develop or revise organisational values to support the vision and mission
- 1C Seek support for the strategic planning process from all stakeholders

1A Identify organisation's strategic direction, vision and mission and consult with stakeholders on required changes

Strategic direction includes the plans and actions that need to be put in place to work towards the organisation's vision of the future.

As the organisation and the market it operates in evolve, so too must its strategic focus. You need to evaluate the vision and mission of the organisation to ensure they are still relevant for the current challenges and environment before you do any strategic planning activities. The tables below explain the process of strategic planning in defining the organisation's direction and the role that vision and mission play in establishing a strategic plan.

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
- goals or objectives
- strategies or actions
- measures.

View the current vision and mission

The first step in preparing a strategic plan is to evaluate the organisational vision and mission to determine if they are current and supported. Strategic plans usually operate over a defined period, usually three to five 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 leading to a shift in business focus.

The organisation's vision

An organisation develops a vision statement to communicate what it hopes to achieve in the long term and how it works towards success. For example, a wine retailer's vision may be to be the country's leading retailer of fine wine.

Organisations will usually include their vision in their strategic plan and publicise it widely, 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 a vision statement

- Present a picture of what you are trying to achieve in the medium to long term.
- Consider the future characteristics of the organisation, such as products, markets, customers, processes, location and staffing.
- Be brief and to the point.
- Broadly consider the organisation's purpose.
- Clearly state who you are as a company and who you wish to become.
- Consider what your organisation does, what it wants to do and how it would like the world to view it.
- Consider the services provided and state the very best way to provide them.

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

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 that empower communities and individuals through education and health improvement.

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 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 is important to your business – the values it lives by.

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.

Confirm the value of the vision and mission statements

When evaluating, revising or confirming the currency and relevance of your vision and mission, you may need to consult with a range of stakeholders, internally and externally. Here are some examples of the people who will need to be consulted.

Stakeholders

- the board
- shareholders
- managers
- peers
- customers
- the public
- staff

Selecting stakeholders

Who you consult with 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 need 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 need 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, 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.

Consultation with stakeholders

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 communication aspects to engage and consult with stakeholders.

Forums

You may wish to use a range of forums to gather advice and collect 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.

Process

Questions to ask to confirm detail:

- Is the direction of the organisation clear?
- Do the vision and mission statements align with the organisation's direction?
- 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?

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 inside and outside the organisation. This might include:

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

Seek help

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 to harness ideas and maximise buy-in. It promoted a competition on the intranet, giving entrants guidelines and offering prizes for the best new mission statement. The working party reviewed the entries and compiled a shortlist. Staff were then able to vote for their preferred statement. The university carried out further consultation and market testing before implementing the new statement.

Practice Task 1

Question 1

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

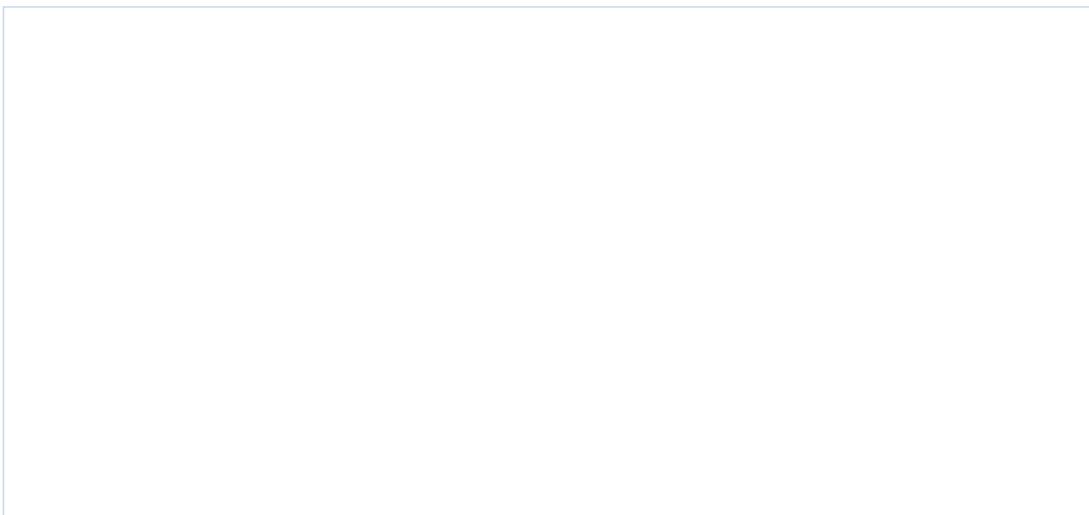
Question 2

Evaluate 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.



Question 3

Identify the stakeholders in your organisation that you would need to consult with about changes to the vision and mission statements.



1B Review, develop or revise organisational values to support the vision and mission

An organisation's values are its guiding principles and beliefs embedded in 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 or revise new organisational or departmental values when doing strategic planning.

You may even be required to develop new values where none exist.

Organisational values

Once you have a defined strategic direction, 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.

Purpose of values

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

- provide a shared sense of purpose and identity
- give 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
- accountability
- transparency
- professionalism.

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 in 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 in 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.

Medium-sized organisation

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

Review or revise existing values

An organisation may choose to review its values from the top down; making the decision at board level and then communicating the values to employees. Or it 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 steps to apply in 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 by 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	
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.
Brainstorm	Brainstorm key words and then sort them into common areas; such as honesty and respect.
Prioritise	Prioritise the list.
Achieve consensus	Allow time for consultation until a consensus is reached. Agree to a list of no more than eight to 10 values.
Define each value	Define each value by describing the organisational behaviours and actions that will demonstrate this value. For example: ‘We will always show respect to each other and to all those we deal with.’
Assess each value	Refer back to the organisation’s vision and mission to make sure your shortlist is compatible.
Finalise values	Finalise a set of five to seven values.

Example

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. 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.

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

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

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 strategic and everyday decision-making.

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.

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. Before the meeting, 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 before 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 shortlist, 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 shortlist of values is developed and agreed to.

Practice Task 2

Question 1

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

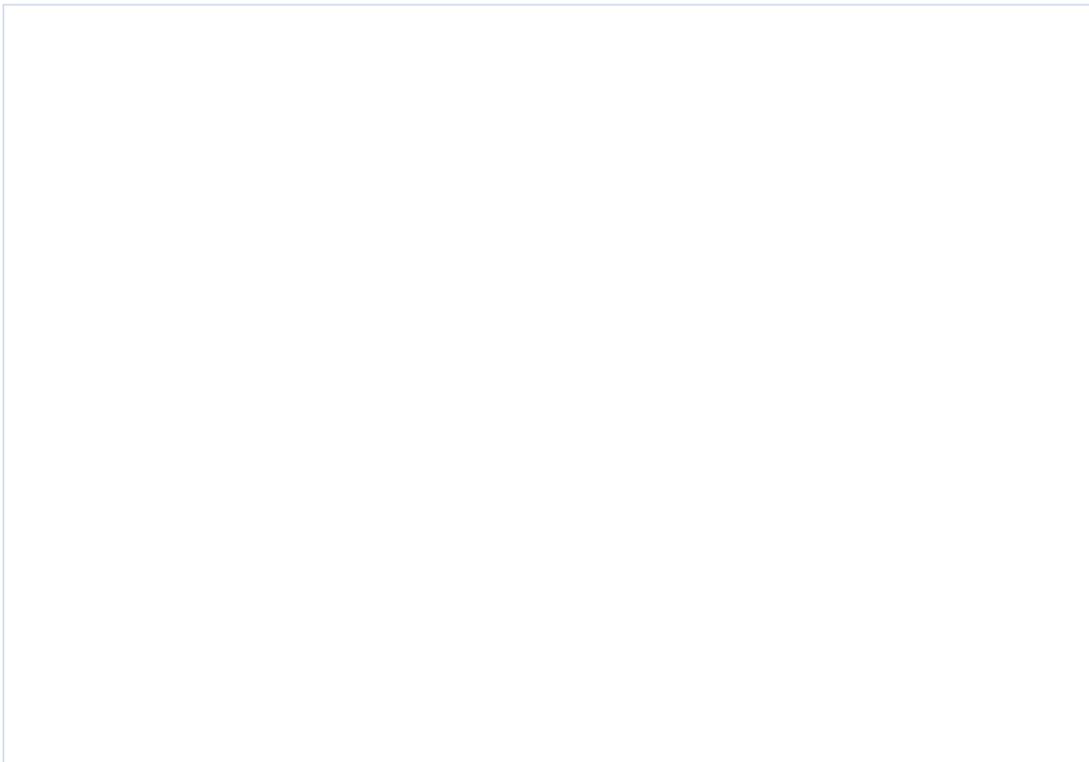
Question 2

For each of the three values you selected, develop a corresponding action/behaviour statement that demonstrates how you 'live' the value in your workplace.



Question 3

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



1C Seek support for the strategic planning process from all stakeholders

When planning strategically, it helps to consult multiple stakeholders to gain multiple perspectives from all areas of the business.

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.

Consultation approaches

- You will need to devise an approach to achieve this, which will involve enlisting the support of others in 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, the key stakeholders will likely be the same ones you involved earlier, when confirming the vision and mission.

Management support

When the vision, mission and values are defined and you are ready to do 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 used 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 obtain 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 do this consultation yourself or you may delegate this task to department managers who can simultaneously undertake consultative activities in 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 in the organisation:

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

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, 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 in 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

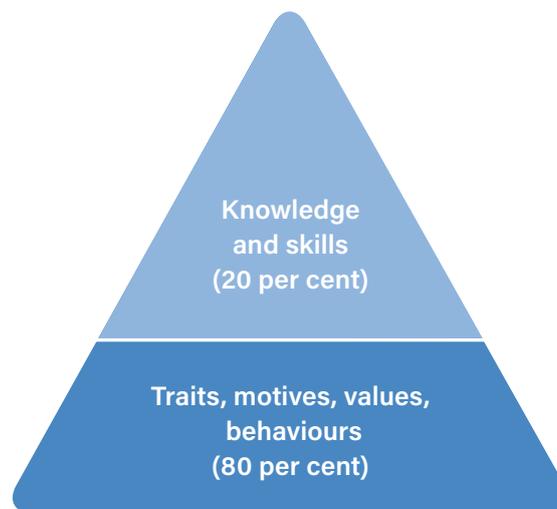
- Align values to a set of behaviours against which to measure individual performance. Recruit people who already have values that align with those of your organisation.

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.



Example

Seek support of stakeholders for organisational values

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 improve 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).

Morgan is considering a range of new recruitment methods, including:

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

He 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

Question 1

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.



Question 2

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

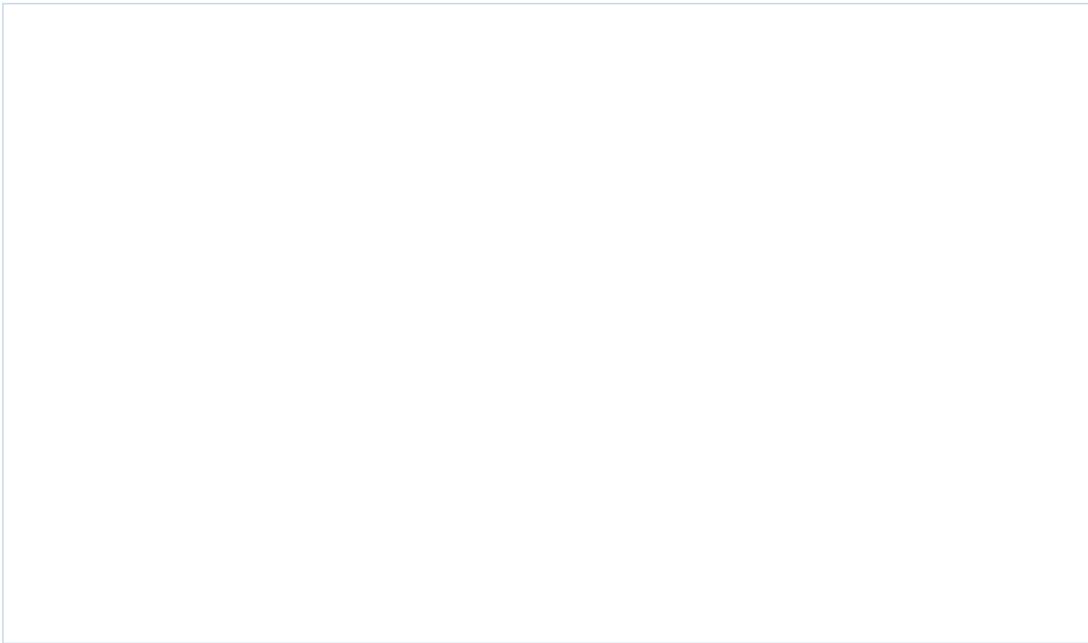
- You need to ensure the vision and mission of the organisation are still relevant for the current challenges and environment before you do any strategic planning activities.
- A strategic plan begins with a vision for the organisation and steps through a process to develop and define the plan.
- The 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.
- 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

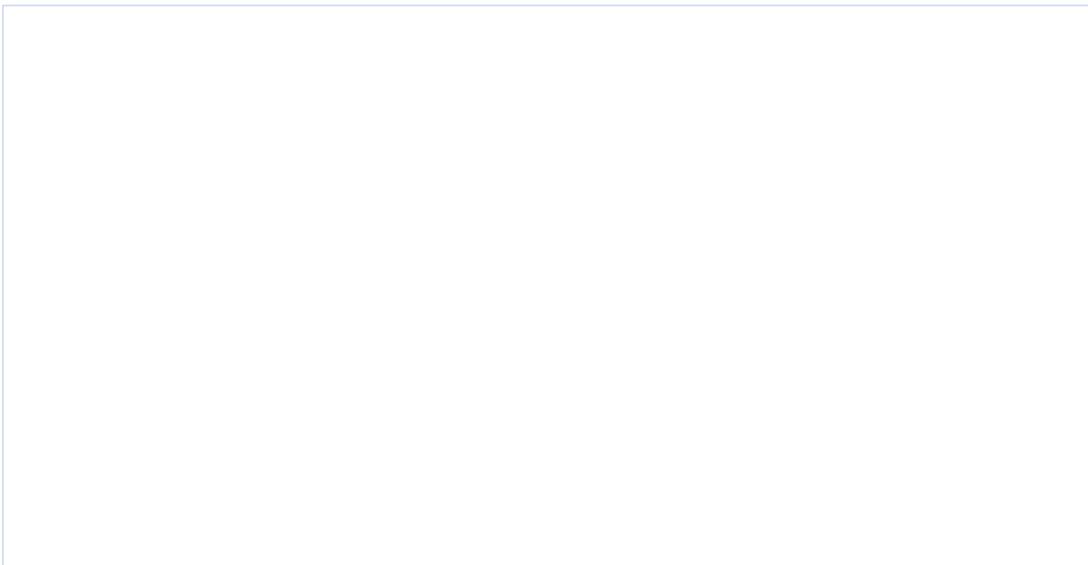
Confirm organisation's vision and mission

Part A

1. What is strategic planning?



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

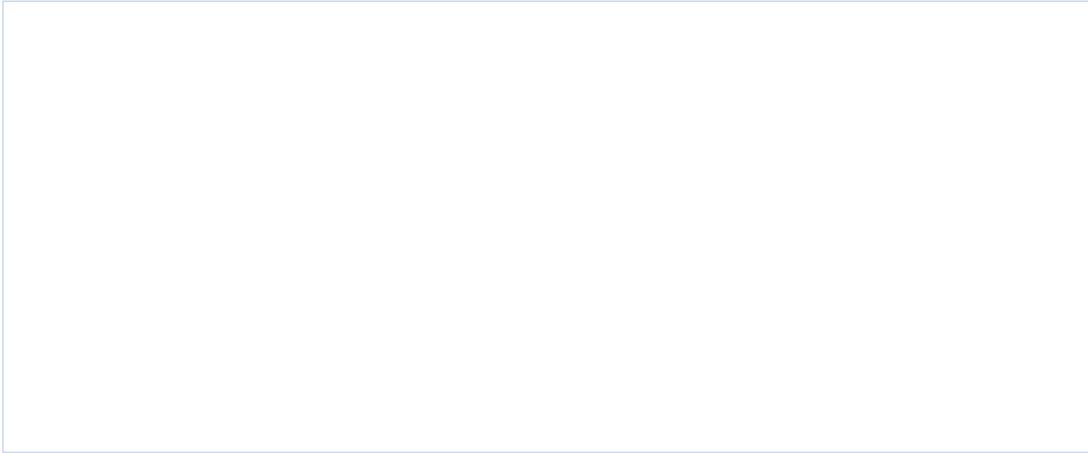


3. List three possible stakeholders you might need to consult to confirm the organisation's vision and mission.

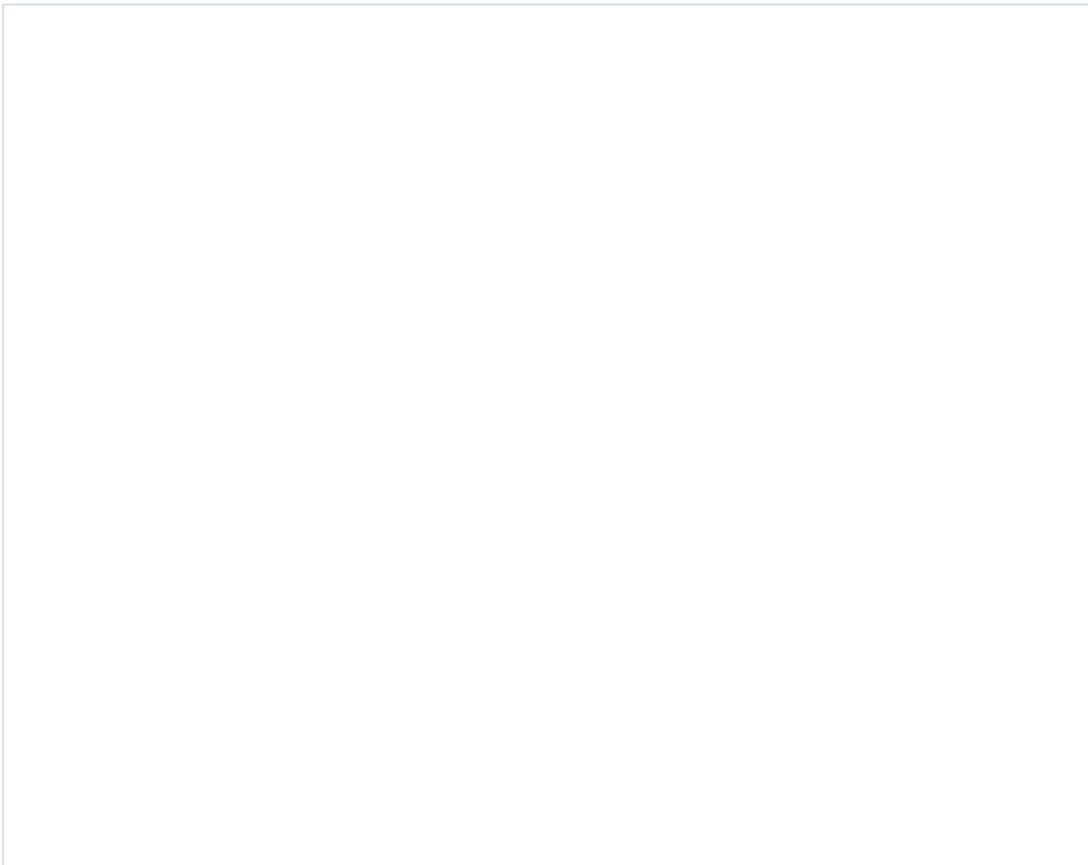
4. List two methods or approaches for consulting stakeholders about the vision and mission of the organisation.

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

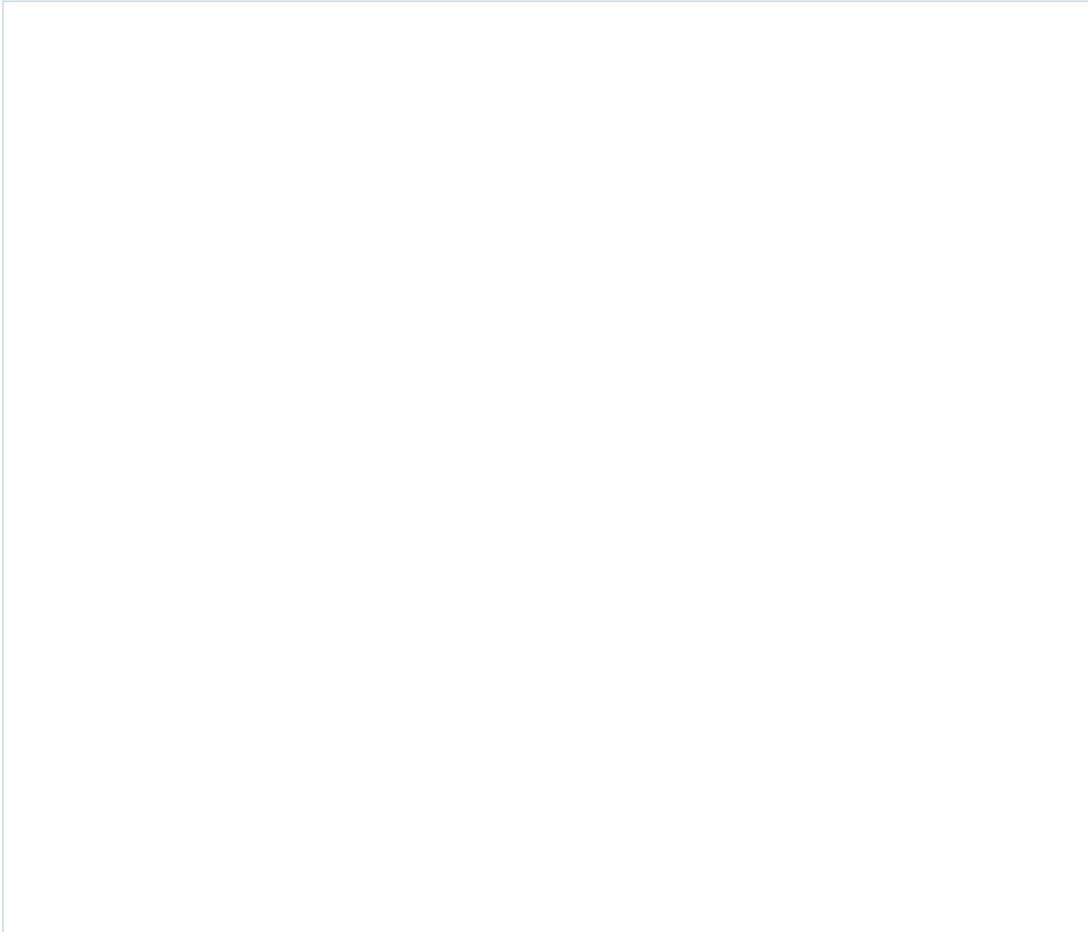
6. Explain values in an organisational context and how they support the mission and vision in the organisation.



7. Explain the steps for developing organisational values.



8. Discuss two approaches you could use to consult, obtain input and gain managerial support for your vision, mission and values.





Topic 2 | Analyse the internal and external environment

- 2A Research and analyse external environment
- 2B Undertake assessment of competitor organisations
- 2C Analyse the organisation's strengths, weaknesses, opportunities and threats (SWOT)
- 2D Establish relevant cooperative ventures that are supported by risk and cost-benefit analyses
- 2E Seek and respond to feedback from relevant stakeholders

2A Research and analyse external environment

While conducting research for strategic planning, it is important that all of the data that will feed into the decision-making process is gathered, collated and analysed.

Consider the following when researching 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 the internal and external variables when undertaking strategic planning to maximise success and minimise impact. Innovative strategies enable such organisations to leverage internal strengths and take advantage of external opportunities.

External environmental factors

The external environment refers to outside elements that affect an organisation and 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 external environment that can impact organisational operations indirectly. To assess the impact of these factors on the business, organisations need to conduct a PEST analysis, which will be discussed in the next section.

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 breakdown 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 not only spurred huge developments in specific industries but also in 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 that 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. Other companies, such as Tesla Motors with its electric cars, are benefiting from an increased consciousness of the natural environment.

PEST analysis

A PEST analysis considers the political, economic, social and technological factors to assess the organisation's external environment.

It assists organisations to understand the impact on 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 strengths, weaknesses, opportunities and threats (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.

Political	<ul style="list-style-type: none"> • Introduction of a goods and services tax • Change in minimum wage laws
Economic	<ul style="list-style-type: none"> • Increase in unemployment • Low interest rates • Drop in the value of the Australian dollar
Social	<ul style="list-style-type: none"> • Population growth • Ageing population • Fashion trends
Technological	<ul style="list-style-type: none"> • Online shopping • Computer-aided design

Legislation and regulations impacting business performance

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

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 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 and budgets. 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.

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 organisation serves or targets
- Competitors: other organisations which 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.

Monitoring of external environment

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.

Independent or third-party analysis

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

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 which 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.

Example

PEST analysis for a childcare business

The manager of a national childcare chain meets with her senior management team to discuss their strategic plan for growth. They are aware that the government has rezoned farming land for residential and commercial purposes to the north-west of the city and are considering opening new childcare centres to cater for future residents. The senior management team work on a PEST analysis as part of their strategic planning.

Political	<ul style="list-style-type: none"> The rezoning of the land means they will be able to build and operate a childcare centre.
Economic	<ul style="list-style-type: none"> Interest rates are low so families will be able to afford mortgages to build properties in the new area. Childcare funding remains stable.
Social	<ul style="list-style-type: none"> Workers might have longer childcare needs due to commutes into the city so longer childcare opening hours may be required. New residential areas attract young families who want affordable housing, so there is likely to be demand for childcare.
Technological	<ul style="list-style-type: none"> There are no extra factors identified that would impact their business.

The PEST analysis indicated that it was worthwhile to consider expansion into the new residential area.

Delegate tasks

Given the time and effort needed to regularly do 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 data collection 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 carry out the research and analysis, it is important that you have a plan. Like any project you undertake, you should schedule this activity and identify and allocate resources to ensure it is done effectively and on time, particularly if you are involving others. Here are some strategies that can be used 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 done
 - 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 help with or even do 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 and watches. It is an expensive line and would need a considerable investment to stock. The business needs to weigh the potential profit against the cost and risk of holding the stock. It also wants to know which models and brands to stock.

The company knows the recommended retail prices from the manufacturer but decides to find out what its competitors are doing. Management plans to do 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 for research and analysis to inform planning and decision-making.

Practice Task 4

Question 1

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

- automobile industry
- retail industry
- newspaper industry.





2B Undertake assessment of competitor organisations

Part of your assessment of external factors is the analysis of the market in which you operate or intend to operate in the future.

This market analysis should focus on the competitors in your chosen market and the allies or customers. Knowing the strengths and weaknesses of each will help you formulate strategies to optimise your own performance and achieve target market share.

Facilitate a capability assessment of the market to achieve competitive advantage

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 your competitors. This requires an assessment of the capabilities of the industry and competitors. A useful framework to understand forces is Porter's Five Forces. Porter argues that there are five competitive forces at work in an industry, and these five forces determine an industry's attractiveness and profitability. Here are descriptions of the forces that can assist an organisation's competitive advantage.

1: 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. This can be seen in the ongoing price wars between major supermarket chains in Australia, often at the expense of the smaller players.

2: 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.

3: Buyer power

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

4: 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.

5: Substitutes

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

Consider watching this *Harvard Business Review* video (13 min) in which Michael Porter discusses the development of the concept of competitive advantage – ‘The Five Competitive Forces That Shape Strategy’ via: 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-to-be and their families, local businesses holding conferences and so on.

Product-oriented 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 with competitors.

Market share is the portion of a market that a company has 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 access information about total number of products sold each year to the market, you can compare this with 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 estimate that one in 10 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

1. Calculate your organisation's total sales (also called total revenue).
2. Calculate the total market sales, which is the total amount of sales (or revenue) of the entire market.
3. 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 are 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 use these profiles on their online shopping sites to help 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 given 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 which want to do the same thing as you and increase their market share. To do this, it is vital that you 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

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

Use other internet tools for help; for example:

- SpyFu: find the keywords and Adwords your competitors are buying
- Google Trends: find out the latest trends in your industry to compare your organisation with others and see where people who visit your site also go
- Google Alerts: 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 Choice, Trip Advisor and Yelp 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 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.

Competitive intelligence

Competitive intelligence refers to research activities designed to increase your knowledge of existing and potential competitors.

Unlike an environmental scan, competitive intelligence gathering is surveillance aimed specifically at one competitor, or a group of competitors, within a narrow sector. 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 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?

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

Practice Task 5

Question 1

Read the information in the table below and rank the competitors. from strongest to weakest and justify your rankings.

Number	Competitor	Comments
	Duvalls	<ul style="list-style-type: none"> Market leader with 25 per cent share Part of multinational organisation with strong supply chain Well branded and good reputation
	Frasers	<ul style="list-style-type: none"> Has eight per cent market share Finding it difficult to raise capital to expand operations Limited brand awareness in market
	Bergmans	<ul style="list-style-type: none"> Has 15 per cent market share Strong financial position but head office focused on diversifying in multiple industries Corporate has strong brand, but Bergmans have yet to establish their own

2C Analyse the organisation's strengths, weaknesses, opportunities and threats (SWOT)

Once you have scanned the external environment and identified and analysed any issues that may affect your strategic planning, it is time to take a more internal focus.

To identify an organisation's strengths and weaknesses you need to analyse its capabilities and identify any threats and opportunities that will need to be considered when planning.

Internal organisational factors

The internal environment of an organisation refers to variables in its operation. These include its people and culture, physical resources and technological capabilities. 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
Examples: dress, logos, office, slogans and ceremonies

Intangibles

Evidence of culture that is less visible but just as important
Examples: how things are done, beliefs, values, understanding and behaviour

Balance culture and performance

Successful organisations 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 practice. The internal culture must fit the needs of the external environment and organisation strategy.

First, 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?

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.

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.

Strengths and weaknesses have an internal, organisational focus. 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 groundwork 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 done 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 gives 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 could 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. At other times, you might need to give them 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 by the company. Ricardo's manager has asked him to put together a sales strategy. Ricardo decides to involve his team in the strategic planning process. Because the team is spread throughout the country, in 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 the final strategic plan to his manager.

Practice Task 6

Question 1

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 do 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 time frames for your plan; for example, three years, five years, 10 years.

2D Establish 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, 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 and distribution.

The aim of a cooperative venture is to combine skills, knowledge and 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.

Why collaborate?

There are many reasons that 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 is the partnership of petrol stations and fast food chains to form giant roadside stops along major freeways. Hungry Jack's, McDonald's and Subway 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. Similarly, 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.

Establish a cooperative venture

The formation of a cooperative 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 that 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 before signing a contract. An organisation's shareholders will expect that strong due diligence investigations will occur before 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 carry out 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.

Seek help of experts

It is likely you will need to seek the help 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 needed. 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 its 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 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 now).
- 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, 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.

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 done 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 do 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 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.

Alignment of cooperative ventures with strategic direction

Once a cooperative partner has been identified, risks and benefits have been analysed and the venture is approved for implementation, it needs to be integrated with the current operations and strategic direction of both organisations.

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 licences
- coordination of infrastructure management
- acquisition of funding.

Resource the venture

Once all of the groundwork 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 supermarkets.

The Woolworths 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 Woolworths 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 7

Question 1

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.

2E Seek and respond to feedback from stakeholders

As a result of your own analysis of the internal and external factors, or to complement it, you may seek the advice of 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 feedback from stakeholders as they consider strategies and important operational decisions.

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 in 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 such as one or a series of telephone conversations with the expert, face-to-face meetings, or you may ask for a report or write a series of questions in a letter or email and receive written responses. Following is 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 needed if there is a taxation change that will affect your operations.

Such expertise can help 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 do not have yourself or do not have access to internally.

How to consult

When you consult with experts:

- 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.
- Ask for clarification 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 before a meeting to allow for preparation and clarification by the expert.

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 inside or outside of 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

Responding to feedback given by stakeholders

It is important that you analyse the advice you are given by stakeholders within the context of your strategic planning.

You should consider the advice you have been given and determine whether it answers the questions you have asked, whether you feel it is free from bias and if it is in line with the strategic direction of your organisation.

You may need to follow up on the advice you receive from stakeholders to better understand their perspective and the source of their information. Although you have sought advice from a stakeholder because you believe them to be an expert in their field or value their perspective, you will need to weigh up their advice along with all the advice you receive during your analysis.

In responding to your stakeholder, make sure you:

- thank them for their advice
- ask for clarification on anything you find unclear
- request source information for any data they have provided
- communicate next steps in your planning process.

You will have the opportunity to check that your analysis aligns with the perspective of all stakeholders when you do a comparative analysis of the internal and external environment.

Here are examples of the reasons consultation is important and consequences that need to be considered when checking that analyses are consistent with others' perspectives.

Purpose

Reasons 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.

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, 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

Setsuko 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.

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.

- Are there any errors in the information presented?
- Are the findings consistent with your expectations or understanding of the situation?
- Do you have any other ideas that are 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 advance.

Regards

Setsuko Tanaka

Department Manager

Example

Seek advice from stakeholders

When Maheer 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 from now on.

Practice Task 8

Develop a list of stakeholders that you could consult for feedback on matters regarding strategic planning.

Summary

- You must know about all of the internal and external factors affecting your business, now and into the future, and plan for them.
- The internal environment of an organisation refers to variables in its operation.
- The external environment refers to outside elements that affect an organisation.
- 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.
- A PEST analysis considers political, economic, social and technological factors to assess a market.
- External analysis should include the competitors in your chosen market. Knowing their strengths and weaknesses will assist you in formulating strategies to optimise your own performance and gain target market share.
- 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.
- Entering a cooperative venture requires a real shift in thinking to consider once competitive relationships as opportunities for mutual benefit.
- You should take some time, before starting the planning process, to consult with relevant stakeholders to validate your findings and gain extra insight to inform your plan.

Learning Checkpoint 2

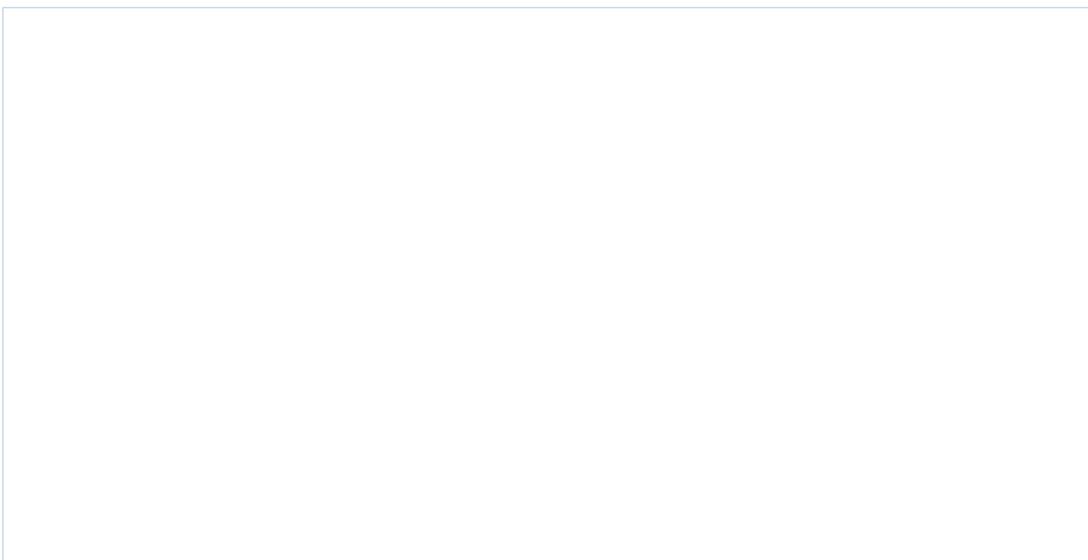
Analyse the internal and external environment

Part A

1. Explain how you would research the external environmental factors that can influence an organisation's strategic planning. Identify reliable sources you would use.



2. Define 'internal environmental factors'.



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

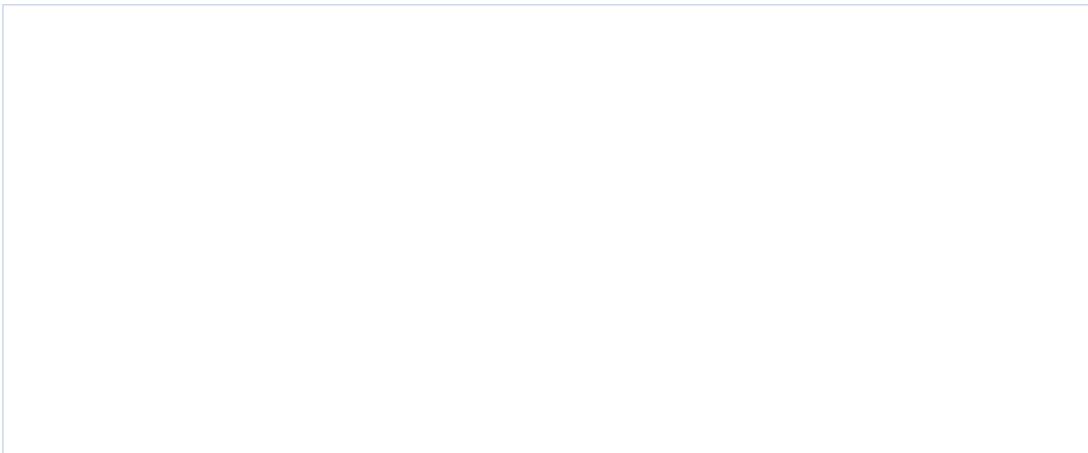
4. Explain why it is important to take into consideration legislation, codes of practice and other regulations when undertaking strategic planning activities.

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

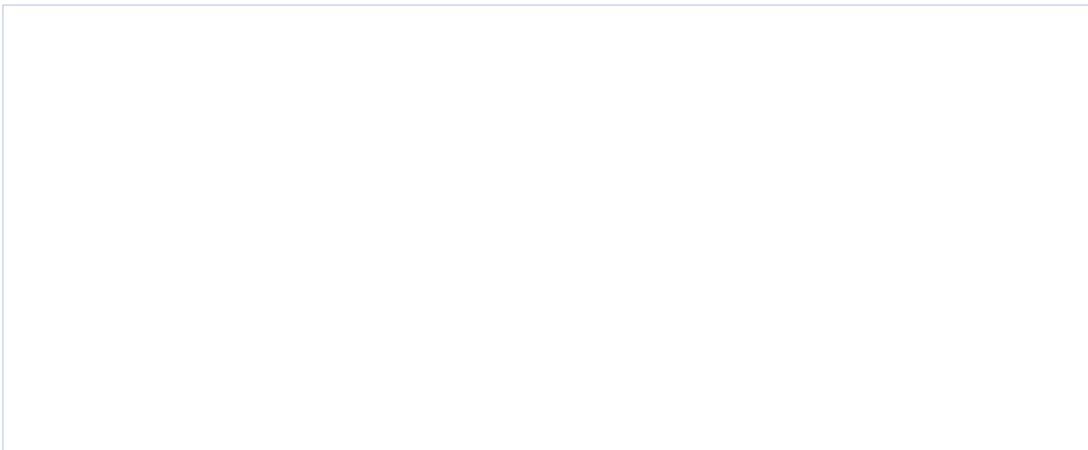
6. Explain why you should consult with stakeholders when considering external environmental factors.



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



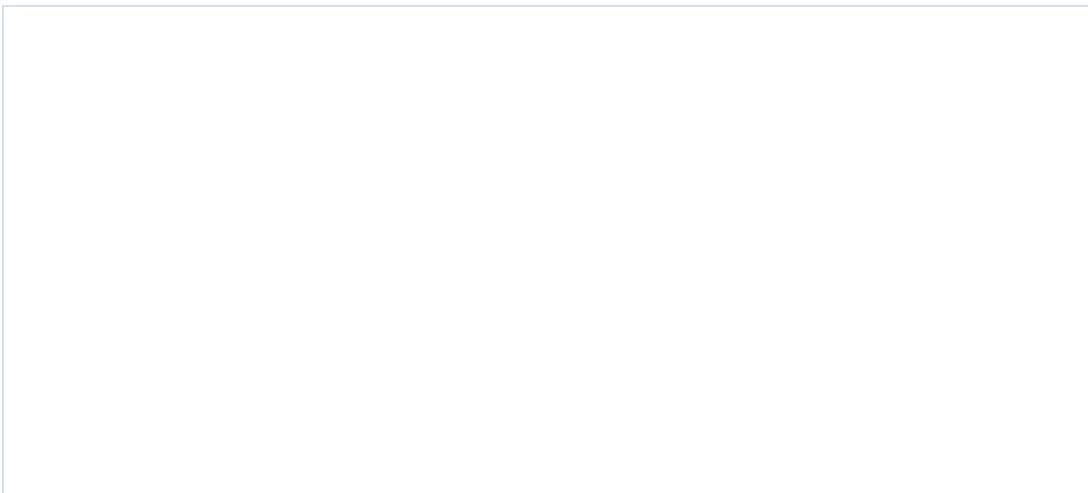
8. Explain what is meant by the term SWOT analysis.



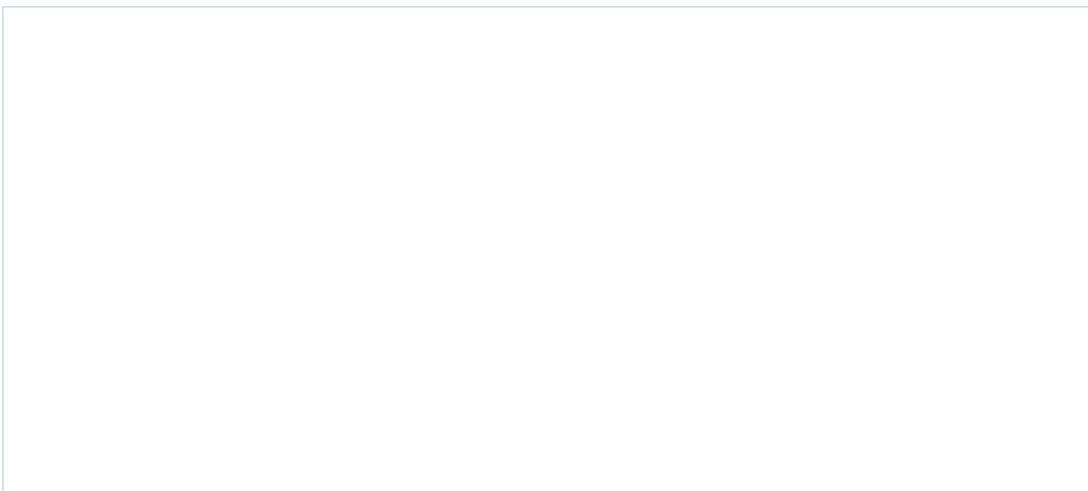
9. Define 'cooperative venture'.



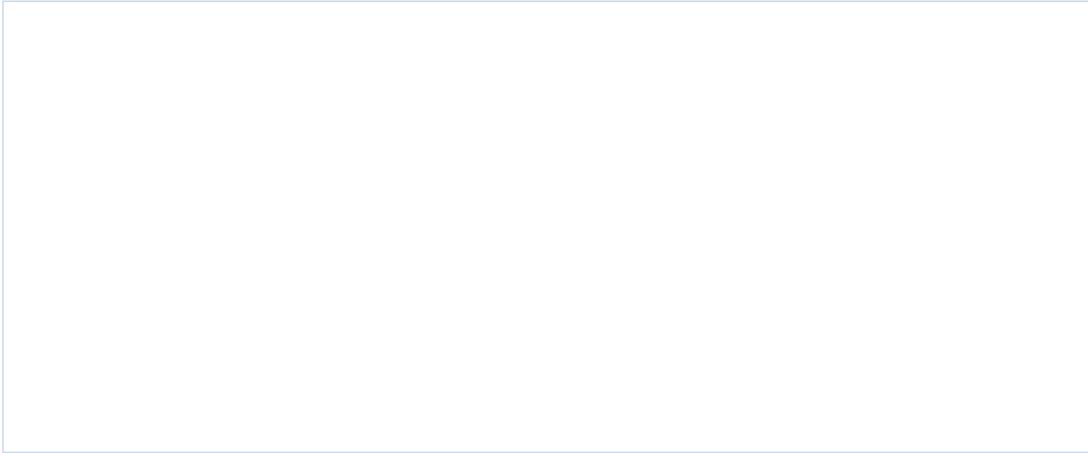
10. Identify three potential risks specific to cooperative ventures.



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



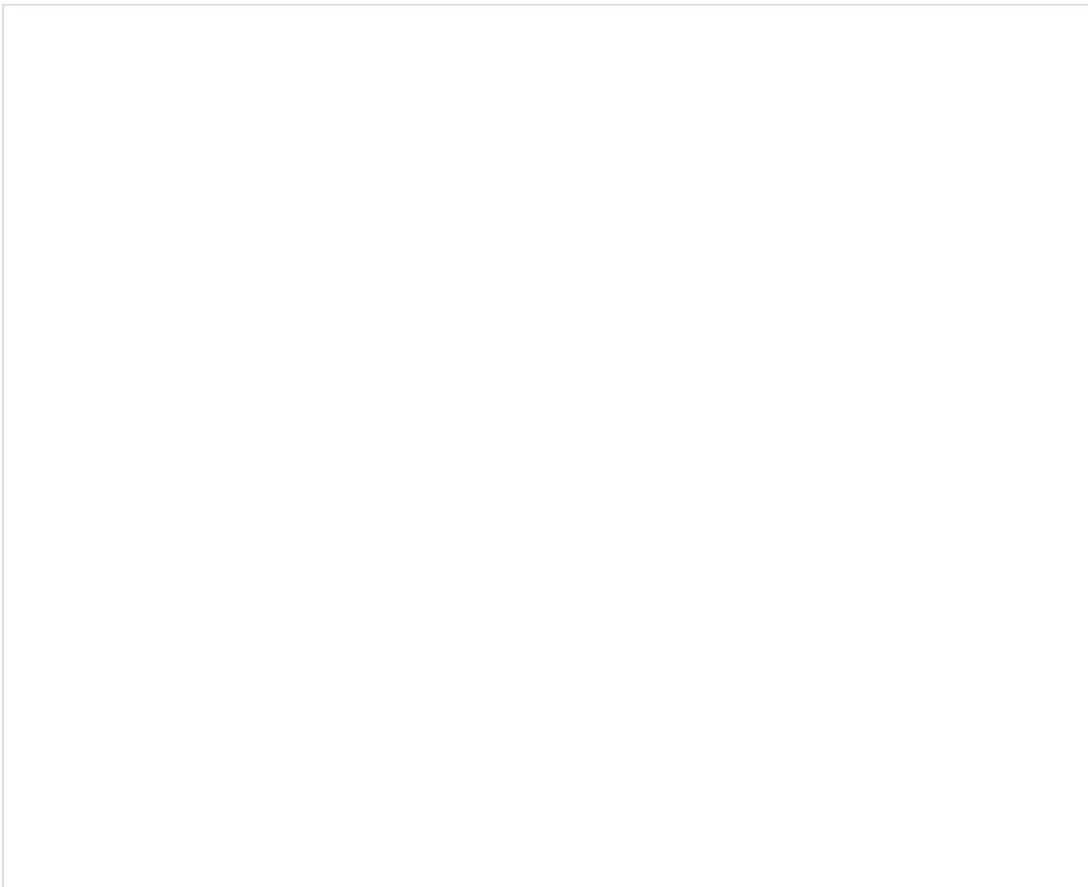
12. Explain why it is good practice to consult with key stakeholders once you have researched and analysed internal and external environments.



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.

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







Topic 3 | Develop a strategic plan

- 3A Document relevant research
- 3B Develop objectives and strategies relevant for the future
- 3C Assign priority, a time frame, responsibilities and performance indicators for each strategy
- 3D Identify risks and develop a risk management plan
- 3E Circulate the strategic and risk management plan for feedback and endorsement

3A Document relevant research

Documenting your research ensures you include all of the important information you have gathered to inform your strategic assessment.

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. 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 levels in the organisation, you will need to document and present the information in a way that be easily understood and accessible by everyone.

You should have the following data prepared.

Confirmed vision	<p>Purpose:</p> <ul style="list-style-type: none"> To guide the overall planning process <p>Format:</p> <ul style="list-style-type: none"> Vision statement
Organisational mission	<p>Purpose:</p> <ul style="list-style-type: none"> To focus actions that will reflect and help fulfil the vision <p>Format:</p> <ul style="list-style-type: none"> Mission statement
Values	<p>Purpose:</p> <ul style="list-style-type: none"> To define behaviours and actions that will reinforce the chosen values and reflect vision and mission <p>Format:</p> <ul style="list-style-type: none"> Key values Value statements Associated behaviours/actions
Legislation	<p>Purpose:</p> <ul style="list-style-type: none"> To ensure all objectives and strategies developed comply with regulatory and legal requirements <p>Format:</p> <ul style="list-style-type: none"> 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	<p>Purpose:</p> <ul style="list-style-type: none"> • To guide development of objectives and strategies <p>Format:</p> <ul style="list-style-type: none"> • Results of analysis, including any graphs, facts, trends and statistics • PEST outcomes • Data from environmental scanning
Competitor analysis	<p>Purpose:</p> <ul style="list-style-type: none"> • To identify threats and inform strategic development on gaining competitive advantage and winning increased market share <p>Format:</p> <ul style="list-style-type: none"> • Details of: <ul style="list-style-type: none"> – 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
Internal analysis	<p>Purpose:</p> <ul style="list-style-type: none"> • To identify internal strengths and weaknesses and assess them against external threats and opportunities <p>Format:</p> <ul style="list-style-type: none"> • SWOT analysis
Venture opportunities	<p>Purpose:</p> <ul style="list-style-type: none"> • To determine if a collaborative venture is a viable option in meeting objectives when developing the plan <p>Format:</p> <ul style="list-style-type: none"> • 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. To ensure that it is organised for easy access by all involved in the strategic planning process, the documentation needs to be stored and filed 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 done by a group, you may need to make paper copies available. You will need to determine if 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 needed 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 a strategic planning session for her team. This includes managers, operational staff and administrative staff. Elaine 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. It uses 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 9

Question 1

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 Develop objectives and strategies relevant for the future

A strategic plan is an organisation's roadmap for success.

A strategic plan 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. Single use 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 three to five years.

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.

A strategic plan has the following features:

- Vision, mission and values – what guides us
- Goals and objectives – what we want to achieve
- Strategies and strategic directions – what options and priorities we will consider
- 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 operational plans of departments or work units. Although it will depend on the organisation, responsibility for developing organisational plans is usually split as follows:

- Executives and senior managers are usually responsible for developing organisational strategic directions, objectives and plans.
- Departmental or middle managers generally have responsibility for developing tactical goals and plans.
- Frontline managers and their teams develop operational plans, which identify the specific procedures or processes needed to achieve objectives.

Planning at each level informs the other levels.

Strategic direction

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.

Formal goals and objectives define where you are going and how you will get there. Creating them will help you focus on the critical aspects of your organisation and its operations. 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 2021
- 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.

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.

Time frames for goals

Strategic goals 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. They 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, via: aspirelr.link/vision-mission-statements-article

Practice Task 10

Question 1

Here is a 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	

Question 2

Consider what specific strategy these goals and objectives would help to implement in the future. Explain your answer.

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 allocation for strategies

Resource allocation must be scoped out at the start of the implementation process and you may need to consult with others in your team and other managers or colleagues for advice and input.

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 need to implement the plan. This might include plant and equipment, a budget, a new site or premises, and extra materials.

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 life span of the strategic plan for the implementation of actions and the achievement of milestones. For example, if the strategic plan spans five years, you would need to identify incremental steps along the way for achieving the objectives.

Schedule

Time may be expressed in days, weeks, months or years, depending on the tasks and sub-tasks and the life span 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 help you in planning time lines for implementation, including Excel and Microsoft Project. Your organisation may have its own procedures and templates.

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 roughly 5-per-cent increments towards 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 gives 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 work health and safety (WHS) workshops
- The proportion 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

Practice Task 11

Question 1

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

KPI/measure	Objective

Question 2

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



3D Identify risks and develop a risk management plan

Risks should be identified at each step of the strategic planning phase.

You should do a risk analysis to identify any risks and then develop strategies to manage them. To do this, 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?

Risk assessment matrixes

Various tools can be used to conduct a risk assessment, including a risk assessment matrix, which helps to determine the level of risk an activity or area of the organisation may pose. It allows people to consider what can potentially go wrong; determine what the negative impact would be – the consequences; determine how likely it is to happen – the likelihood; and then determine the risk level.

Here is an example of a risk assessment matrix.

Likelihood	Very likely	Acceptable risk Medium	Unacceptable risk High	Unacceptable risk Extreme
	Likely	Acceptable risk Low	Acceptable risk Medium	Unacceptable risk High
	Unlikely	Acceptable risk Low	Acceptable risk Low	Acceptable risk Medium
		Minor	Moderate	Major

← Impact →

Use a risk assessment matrix

To use the matrix, you first need to determine the likelihood of the particular hazard occurring – select unlikely, likely or very likely.

Then determine the possible impact of the hazard – is the possible impact minor, moderate or major? Note that ‘minor’ usually refers to no or minor injury caused to staff and no time lost as a result of the hazard (that is, the amount of time a staff member is unable to work); ‘moderate’ refers to injury or illness occurring and time lost; and ‘major’ refers to major injury or incident (any event that has the potential for injury, ill health or damage), a significant amount of time lost and even permanent incapacity or death.

Once the likelihood and impact have been determined, locate where they intersect on the matrix to establish the level of risk. Any risk found to be high or extreme is unacceptable and must be acted on immediately, as staff members’ health and safety is at risk. Risks deemed medium should be acted on as soon as possible, and those deemed low may need little or no action.

The result will be as follows:

- Acceptable risk – low
- Acceptable risk – medium
- Unacceptable risk – high
- Unacceptable risk – extreme

Risk mitigation

Starting with the major risk issue, review the processes in place for managing that risk to determine if it can be appropriately managed. This may involve consultation across a broad range of people internal or external to your area and, potentially, from outside your organisation.

Here is some information on a range of contingency options and risk mitigation strategies that can be implemented.

Contingency options and strategies for their implementation

Contingency planning option:

Contracting out/outsourcing

Strategy:

Have an external entity perform certain operations or produce inputs such as:

- human resources
- bookkeeping
- payroll
- security.

Contingency planning option:

Diversification of outcomes

Strategy:

Increase the range of products and services produced or have the flexibility to adjust to reduce the reliance on a small range of products and services.

Contingency planning option:

Cheaper or lower quality raw materials and consumables

Strategy:

Seek lower cost input options such as:

- changing suppliers
- producing goods offshore
- outsourcing the production to cheaper producers.

Contingency planning option:

Increasing sales or production

Strategy:

Adjust resources to provide increased effectiveness and efficiencies including:

- new machinery, change in the system of work and/or changes to the layout
- increase in staff, longer hours, training
- increased marketing through advertising or promotion.

Contingency planning option:

Recycling and re-using

Strategy:

Set up systems to get greater benefits from inputs by recycling waste or re-using various inputs/assets for other purposes.

Contingency planning option:

Rental, hire purchase or alternative means of procurement of required materials, equipment and stock

Strategy:

Reduce large capital outgoings by:

- leasing or renting rather than buying items
- hire purchase of assets to spread the payments over time.

Contingency planning option:

Restructuring of organisation to reduce labour costs

Strategy:

Combine similar areas with the intention of obtaining economies of size and economies of scale. Multiskilling so that a person can perform more than one role, thus reducing the need for space for staff.

Contingency planning option:

Risk identification, assessment and management processes

Strategy:

Refer to the information provided earlier in this section.

Contingency planning option:

Extra funding

Strategy:

Seek extra funding to address shortfalls through:

- refinancing, extension of time on payments or obtaining loans and lines of credit
- obtaining potential investors or partners.

Contingency planning option:

Strategies for reducing costs, wastage, stock or consumables

Strategy:

Reduce costs or waste by:

- adjusting staff wages, salaries and conditions (benefits)
- reducing staff and/or hours of operation
- changing maintenance schedules but keeping within minimum standards
- reducing travel and accommodation costs
- finding cheaper, alternative suppliers.

Contingency planning option:

Succession planning

Strategy:

Identification of people for future higher roles and providing training and development to manage those roles.

The risk management plan

Risk management and contingency plans should be incorporated into all relevant plans of your organisation.

Develop a risk management plan that will reduce the likelihood of a negative event occurring and reduce the impact if a negative event does occur.

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.

See an example of a strategic risk management framework at: aspirelr.link/icwa-strategic-risk-management-framework

Managing risks related to intellectual property rights and responsibilities

Intellectual property (IP) is a term that describes the ownership of original work in a tangible form that has arisen from creative or inventive activities or through processes of research and development.

IP can exist in a range of forms such as a new invention, development of a brand, artistic creation, development of a manufacturing process or development of software.

IP is normally protected through a series of mechanisms such as registered designs, trademarks, patents, copyright, plant breeders' rights or licensing agreements.

It is necessary to incorporate processes in resource acquisition and recruitment to ensure that another party's IP rights are not violated. In doing this it is important to recognise that IP has many of the same ownership rights as physical property.

IP infringement

Possible avenues of IP infringement should be considered in the planning phase of an operational plan. Without such consideration it is possible for either unintentional or intentional infringement to occur. An operational plan should consider the risks of IP infringement occurring through a number of possible scenarios, such as:

- insufficient resources allocated for purchasing of licenced or copyrighted resources
- insufficient time allocated for researching IP on patents and trademarks
- modelling product and service delivery on competitor products or services
- contractual and employment arrangements that can lead to disputes in IP ownership.

IP considerations

There are several areas where consideration of IP may be needed in the management and implementation of operational plans. These will vary depending on the industry, but there are some fundamental areas where failure to consider IP issues could lead to either an intentional or unintentional breach of IP. Considerations may also extend to how an organisation protects its IP. Here are some essential IP issues for an operational manager.

Purchasing	<p>Licence agreements can apply to many products and services that are purchased. Under a licence agreement, the purchaser does not own the product but has a licence to use it. For example, software purchases typically come under a licence agreement. The agreement may define the end use of the application, how many computers it can be installed on, how many users are allowed, how long the licence lasts, the updates needed and licence transfers.</p> <p>It is also important to consider protecting purchasing decisions by seeking warranties from contractors and suppliers. Breaches of IP by suppliers and contractors can have significant legal implications for the end user. For example, a video produced by a contractor for a marketing campaign cannot be used if the contractor has not obtained appropriate copyright releases from all of the actors used in making the video.</p>
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Human resources	<p>Human resource and recruitment policies need to provide clear guidance on the organisation's IP ownership and that of its employed staff. Issues to consider include:</p> <ul style="list-style-type: none"> • defining IP ownership of work performed by staff for the organisation • defining IP ownership of work performed by staff in their own time while working for the organisation • setting policy on recruited staff bringing IP from a previous workplace where they do not have ownership • setting policy on recruiting staff from a directly competing organisation • setting policy on staff leaving the organisation and taking IP with them that is not theirs.
Patented processes	<p>A patent is a mechanism which gives some legal protection for an inventor of a product or process. Patents are registered, and provide a legal standpoint to exclude others from making, using, selling or trading the invention for the term of the patent. Legal recourse for a breach of a patent can usually only be achieved through a civil lawsuit. Patents generally expire after a period of time.</p> <p>In managing operational plans, it is important to ensure that any processes used in manufacturing products or delivering services do not breach any current patents.</p>
Copyrighted material	<p>Under Australian law, copyright is granted automatically, which means the owner has automatic ownership rights. Many resources used in business are subject to copyright restrictions. These include:</p> <ul style="list-style-type: none"> • Creative digital and non-digital works such as art, photos, videos and music. This can also include obscure items such as proprietary fonts used by computer software. • Technical drawings and specifications. • Data collected and stored by an organisation. This may also be covered by privacy legislation depending on the data. • Design work such as architectural drawings, fashion drawings, landscape design and industrial design.
Contractors	<p>Copyright law must also be considered in work performed by independent contractors. Copyright ownership of a creative work produced by an employee will rest with the employing organisation, but in the case of an independent contractor, this ownership will automatically rest with the contractor unless a specific clause is inserted in the contract that assigns ownership of copyright to the hirer.</p> <p>For example, an architect who is preparing plans for a new building as part of a contract will automatically retain ownership of the copyright on these drawings.</p>
Trademarks	<p>These are protected under the Trade Marks Act 1995 (Cth), which requires an application for a right to be granted. The legislation provides a range of protections for the owner of the registered mark such as preventing competitors from using a similar name for a product or service that is also alike.</p>

IP covers the wide range of intangible property that results from the creative and intellectual effort of individuals and organisations. Safely Does It is a business that creates workplace health and safety videos for induction and training purposes. It relies on subscriptions to its videos to keep its business operating. However, the owner is aware that the greatest threat to his business is if someone were to steal the videos and make them freely available on YouTube or another video sharing platform. To protect its IP, the team at Safely Does It has a risk management strategy which includes:

- watermarking videos (visible or invisible)
- using technological tools to help prevent videos being downloaded and distributed
- ensuring clear contractual obligations are in place with subscribers
- monitoring video sharing platforms to identify any IP theft.

Practice Task 12

Question 1

Outline the risks your organisation faces. Explain how IP risk could be mitigated.

3E Circulate the strategic and risk management plan for feedback and endorsement

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.

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

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
- To check it aligns with the organisation's vision, mission and values
- To confirm understanding
- To gain approval and achieve sign-off

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. You will also find guidance on how to obtain endorsement and final approval.

Methods

- Reference groups/steering committees; for example, when there are multiple key stakeholders to be represented or when strong compliance is needed
- 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 in or outside of 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

Be clear

Be clear on what you are asking for. Explain your objectives and what you expect of the stakeholders. If possible, give 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 groups 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-on-one situations. This way you will have a chance to explain the process up until this point, if necessary, and 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 do 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 a 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 on the draft plan and sign-off.

Draft strategic plan	
May–June	<ul style="list-style-type: none"> • Kick-off meeting for the development process • Request management consultations • Collect input from stakeholders and performance reports • Two-day workshop to draft plan
July	<ul style="list-style-type: none"> • Circulate draft and seek input from directors
August	<ul style="list-style-type: none"> • Update plan • Circulate second draft and seek input from directors and identified sample of shareholders at strategic plan forum
October	<ul style="list-style-type: none"> • Update plan • Email for endorsement
November	<ul style="list-style-type: none"> • Circulate finalised, endorsed plan to all stakeholders and to operational managers

Practice Task 13

Question 1

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





Summary

- 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.
- 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.
- Goals and objectives define where you are going and how you will get there. Creating them will help you focus on the important aspects of your organisation and its operations.
- Strategic objectives are usually developed to span a period of three to five years.
- Strategies are statements of how you are going to achieve something.
- 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.
- A KPI is a business metric used to evaluate factors identified as crucial to the success of an organisation.
- 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

Develop a strategic plan

Part A

1. List at least three sources that you would use to research internal and external environmental factors. Explain and justify your choices.

2. List two benefits of strategic planning.

3. List two limitations of strategic planning.

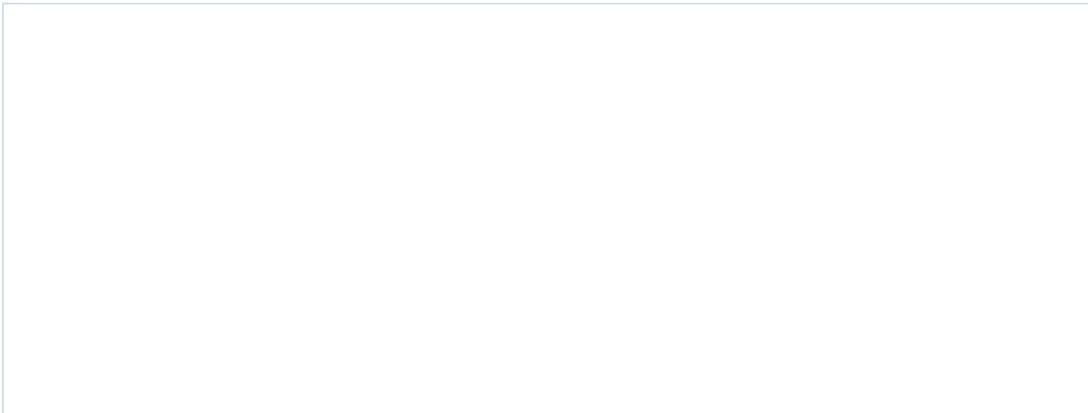
4. Explain the roles and responsibilities of managers in the strategic planning process.

5. What are the differences between goals and objectives? How are goals and objectives linked to the organisational strategy?

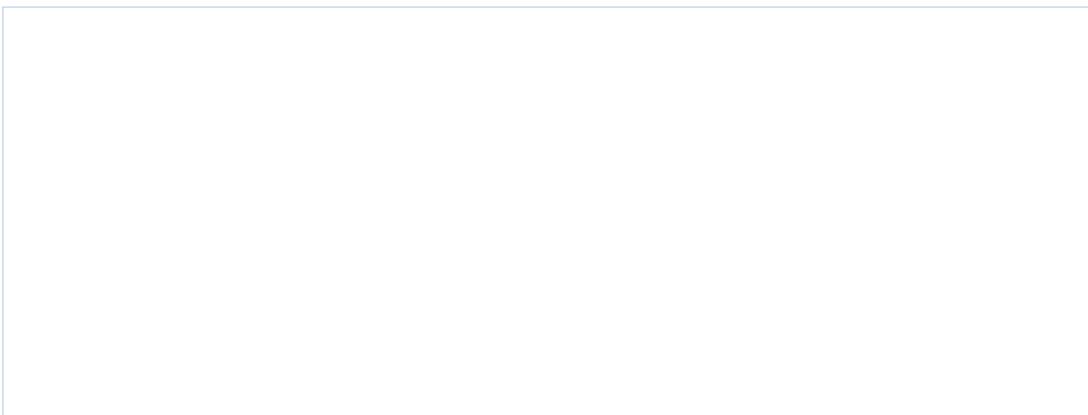
6. List three characteristics of an effective objective.



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



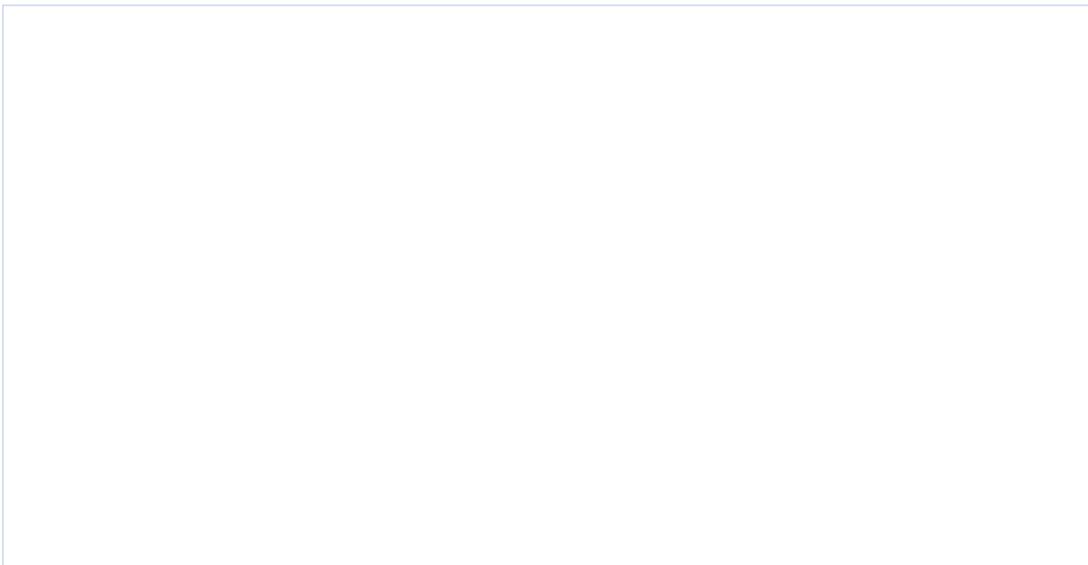
8. Define the acronym 'KPI' and explain its relationship to objectives.



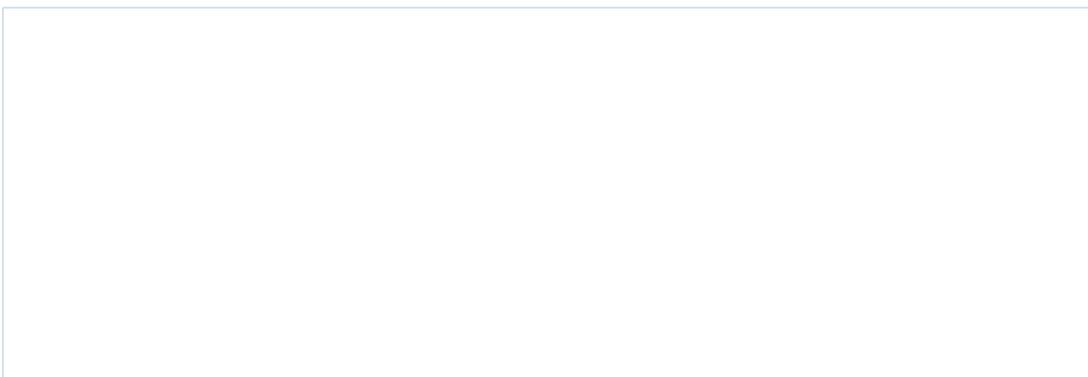
9. Explain the need for a risk management plan in the strategic planning process.



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



11. Explain the importance of IP risk management in organisational strategy.



Part B

1. Develop a flow chart that describes the elements of a strategic plan and explains the process to develop one.

A large, empty rectangular box with a thin blue border, intended for the student to draw a flow chart. The box is currently blank.



Topic 4 | Implement strategic organisational plan

- 4A Communicate the strategic plan
- 4B Develop actions, initiatives and roles for team members
- 4C Use performance indicators to monitor and evaluate implementation and achievement of objectives
- 4D Review the effectiveness of the plan and consider methods for improving strategic 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, background and how you have got to this point. You must not assume others in 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 audiences 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 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

Following is a list of people or groups you might need to communicate the strategic plan to and some of the detail that might need to be communicated. Bear in mind that this will need to be in the context of your own organisation and its corporate governance requirements.

Board members	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

Methods of communication

There are many ways you can communicate the strategic plan to your various target audiences.

It is likely that more than one communication channel will be needed to 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 methods.

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 show 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 audiovisual 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; and what, how and 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 communicate with stakeholders on 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 strategic 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 staff. The marketing department will be responsible for all external communications.

Daniel has a short time frame, 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. Explain your choices.

Target audience	Method of communication

4B Develop actions, initiatives and roles for team members

Before you implement your strategic plan, you need to create an action plan that details how you will achieve the goals in your strategic plan and what resources are needed to deliver your strategic plan.

It is essential that you involve your stakeholders and team members in the development of the action plan as they will be responsible for delivering the actions and initiatives described in the plan. An action plan should define who has ownership of an initiative, when it is expected to be completed and what resources are needed.

There are five steps to developing an action plan for strategy implementation.

1. Determine how to accomplish your strategy

You need to create concrete **SMART** objectives that align with your strategic goals. Your objectives should include the actions you must take to reach them. Describe each action item so everyone can understand what needs to be done.

For example, an organisational strategic goal could be to increase customer engagement. An action plan might include: launch a marketing campaign, hold customer information sessions, and collect feedback from customer surveys and focus groups.

2. Assign responsibilities and roles

Next, you must assign ownership and define who is responsible for what. This ensures someone is accountable for each initiative or measure, so nothing gets overlooked.

Ownership and accountability are key to achieving your goals. This includes who is responsible for executing, reporting on or simply overseeing a task. You should also indicate how stakeholders should be informed about updates or changes.

3. Establish time lines

Set deadlines for each action or initiative. Deadlines should offer a smooth, logical workflow that is realistic – plan on what is possible, not what you wish were true. By providing target start and end times, a time line ensures continuous, trackable progress.

Consider incorporating related individual initiatives and milestones into your time line as well so you can track how your team members are performing against their goals.

4. Allocate resources

Every strategy has multiple interdependencies and you will need to determine what resources are needed to reach your goals. A big part of equipping employees for success is allocating the proper resources for all tasks; therefore, it is essential that you involve all team members and stakeholders in the identification of required resources. The cost, access and availability of resources can affect the time lines and delivery of objectives so it is important that you consider how these impact the previous steps and ensure that everything aligns.

5. Implement

Once your strategic action plan is complete and stakeholders and team members are clear about their roles and responsibilities in delivering the plan, begin.

Practice Task 15

Outline an action plan for your organisation to increase customer engagement using the table below.

Action	Who	When	Resources required

4C Use performance indicators to monitor and evaluate implementation and achievement of objectives

Continual performance monitoring over the life span 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 needs amendments.

Successful implementation and performance can be monitored via operational plans and the performance indicators set at the start of the strategic plan. As you carry out your strategic plan in the various work units of your organisation, it is important that you monitor activities and the resulting performance. 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 key performance indicators (KPIs)

Once the strategic plan has been drafted, 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 made 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.

- 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; some may even combine the two methodologies into one visual display. For example, some dashboards have evolved to also include the ability to track progress towards an objective. Scorecards and dashboards 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, via: 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 up new customers 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 16

Question 1

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.

KPI	Evaluation	Description	Frequency

Evaluate achievement of objectives

It is likely that relevant stakeholders will expect a review and evaluation of the achievement of objectives at agreed milestones during the implementation of the strategy. The action plan is helpful in showing whether the stated actions have achieved the objectives on the strategic plan within the agreed time frames.

Ideally, your objectives will have been achieved as outlined within the agreed time frames. However, issues occur that can impact on plans so it is important to evaluate what has happened. Here are some examples of questions that could be asked:

- Were the objectives SMART?
- Are the remaining objectives still relevant?
- Were sufficient resources, people and time allocated to meeting the objective?
- Have there been changes in the internal or external environment that have affected the objectives of the strategic plan?

The answers to these questions may indicate that your strategic plan and/or action plan needs refining to keep your organisation focused and moving towards its goals.

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 measurable change, but not so long that it cannot accommodate changes in the business environment. However, the growing volatility of internal and external factors in today's business world means that amendments and revisions to the strategic plan are sometimes needed within its life span.

Revise the plan

When you identify the need to revise the strategic plan, it is likely that it will need refinement rather a complete overhaul or rewrite.

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 life span.

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 extra 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
<ul style="list-style-type: none"> • Make sure new or changed strategies and actions still align with the organisation's original vision, mission and values.
<ul style="list-style-type: none"> • Make sure goals and objectives are the focus of any strategic changes.
<ul style="list-style-type: none"> • Make sure you follow organisational policies and procedures when undertaking this review.
<ul style="list-style-type: none"> • Make sure you follow all of the steps in the process you would normally undertake when signing off and implementing a strategic plan.
<ul style="list-style-type: none"> • Make sure all related documentation in manuals, intranet and internet sites is amended to reflect any change.
<ul style="list-style-type: none"> • 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 that 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 17

Look at your current strategic plan. Consider when it was developed and how far you are into its life span. 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.

Question 1

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

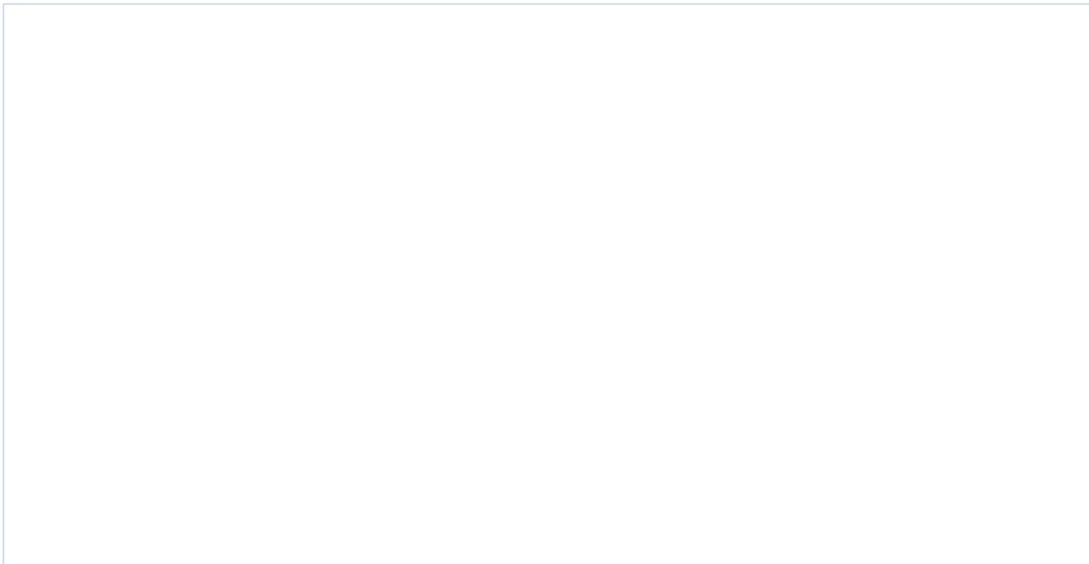
Question 2

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



Question 3

How have these changes affected your organisation's ability to achieve its goals and objectives?



4D Review the effectiveness of the plan and consider methods for improving strategic planning processes

The final stage in the strategic planning process should be a review of all steps taken. This will inform any improvements for future planning, as part of 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 did not 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.

Reasons for review

The need to monitor and revise a strategic plan within its life span 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 life span of the plan and your organisation's operations. A review involves doing 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 (PEST) 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 in the organisation
 - the chosen metrics did not provide useful measurements.
- Changes in internal factors, such as staff resignations or a forced redundancy program
- Underperformance against key metrics
- Overperformance against key metrics

Conduct a review of the strategic planning process

Setting up a system to measure and monitor the effectiveness of achieving your strategic goals can greatly enhance the impact of the strategic planning process and lead to greater success.

An effective measurement system enables management to address areas of non-performance or underperformance by implementing corrective actions. Lessons learned can also be fed into future planning activities to achieve improved outcomes.

Following is more information about how to review the strategic planning process.

Methods

- There are many ways to review strategic planning. These include:
- consulting with key stakeholders
 - distributing questionnaires or feedback pro formas
 - 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 using 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 end of the plan's life span 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 promptly.
- Incorporate improvement into the strategic planning policy or guidelines.

Practice Task 18

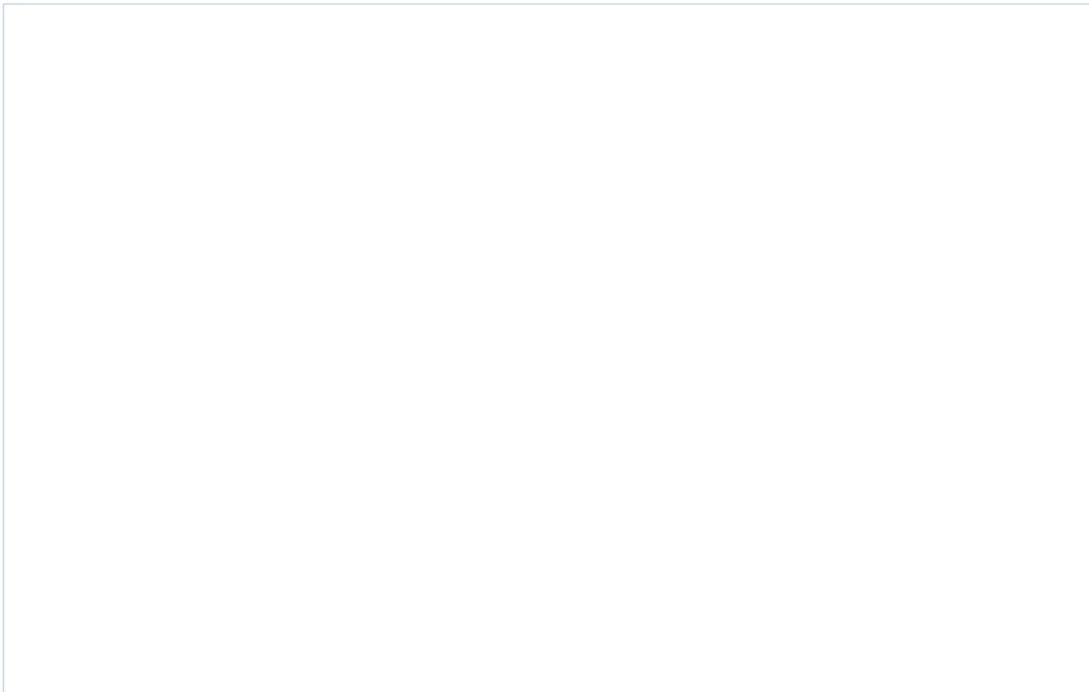
Question 1

Why is it important to review the strategic planning process?



Question 2

List three methods for reviewing the strategic planning process.



Summary

- 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.
- A strategic action plan is an essential tool for delivering the goals of the strategic plan.
- The roles and responsibilities of team members should be clearly outlined in the action plan.
- Continual performance monitoring over the life span of a strategic plan enables managers to determine what action is needed to improve performance.
- Once the strategic plan has been launched, you need to set regular review milestones for checking progress towards achieving goals and objectives.
- Typically, KPIs are monitored and displayed in dashboards or scorecards so that everyone can view progress towards success.
- The growing volatility of internal and external factors in today's business world means that sometimes amendments and revisions to the strategic plan are needed within its life span.
- 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

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. Explain what an action plan is and how it is used to establish the roles and responsibilities of team members.

3. Explain how you can regularly monitor and evaluate the implementation of a strategic plan.

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

5. 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 done and she is not sure where to start.

1. Develop a diagram or a flow chart describing the process Bree should follow to do the review. Provide key points to explain each step.



