Simplicity

2nd Edition

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Why do we need a second edition?

The first edition of Simplicity was published in 2014.

It was well received and provided a planning and execution foundation for many organizations and individuals.

Since then, we have learned a lot!

Those lessons led to a second edition with updated examples, successes, failures and ongoing work toward successful planning and execution. Also, improved graphics and learning tools.

Some lessons and observations include how little has changed in strategic planning and execution. Many organizations still do not have a real plan or execution process. They stumble around day after day with no sense of direction. Others have an annual plan, still safely stored in the CEO's desk. No one remembers what it says.

Problems are not limited to big organizations. Start-ups, small and mid-sized companies struggle with the same issues. We often hear: “we don’t need one,” or “We just need to make money.” Attitudes that lead to certain failures.

Organizations stumble from crisis to crisis or invent them to avoid executing a real plan.

They will justify this inaction by suggesting the need to “pivot.” Pivoting without a clear destination is pure folly. Another excuse for FAILURE TO EXECUTE!

We also learned and proved that organizations built on the foundation of Systems Thinking and Simplicity have a far greater likelihood of success.

The most important reason for publishing a second edition of Simplicity was to officially bring Michael Rhiness into our adventure. Michael brings the next generation of business planning, execution and results.

His background in start-ups, entrepreneurship, small and mid-size, and large corporations brings a wealth of knowledge, experience and simplicity.

Enjoy the book.

Introduction

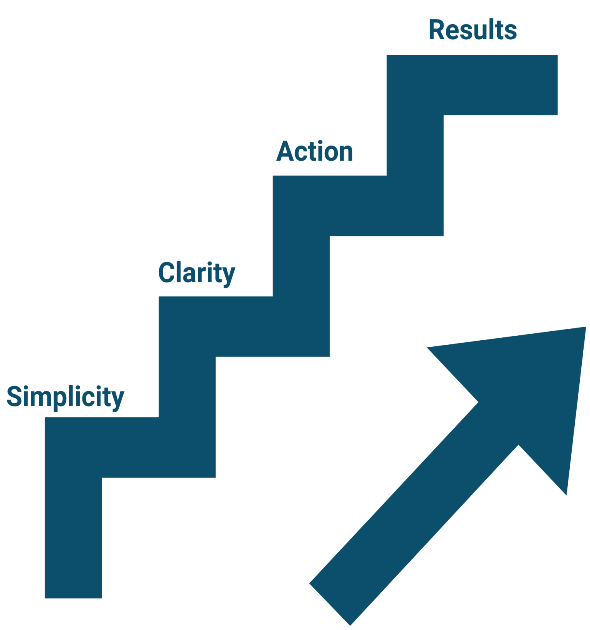
Why Write This Book?

We must start with a confession: we do not like strategic planning. We prefer to get busy making things happen, and getting results is much more exciting and rewarding.

After many years of leading organizations and serving on boards, we have participated in countless strategic planning exercises. Some were worthwhile and successful, but most were not. It would have been easy to conclude that strategic planning wastes time. That knee-jerk reaction conflicted with our firm belief that setting and implementing strategic direction is the number one role of leaders and vital to the future of any organization. An organization must have a plan to achieve its potential or be in **constant danger of total failure**. Our response to this dilemma was to set up a strategic advisory firm and use our hard-learned lessons to help make the planning process simpler. The Rhiness Group was born.

The foundation of this book is to make strategic planning and execution simple. **Simple is different from easy.** Much of the work from strategic planning exercises will be hard. Implementing strategies and getting the results you want can take years of effort. The direction you are taking and the actions needed to get you there should be simple and clear. Throughout this book, you will be reminded of our motto:

Simplicity – Clarity – Action – Results



It is not just a motto but a proven way of strategic planning that makes the process less painful and dramatically improves your chances of success. Throughout, we will stress keeping things simple and clear. **People like to take action** on something, and they want to get results. You want your people to do exactly that. If you give them complex and confusing directions, they will take action, and you will get results. Will they be the results you want? No. You will get much better results if your directions are simple and clear and lead to measurable results.

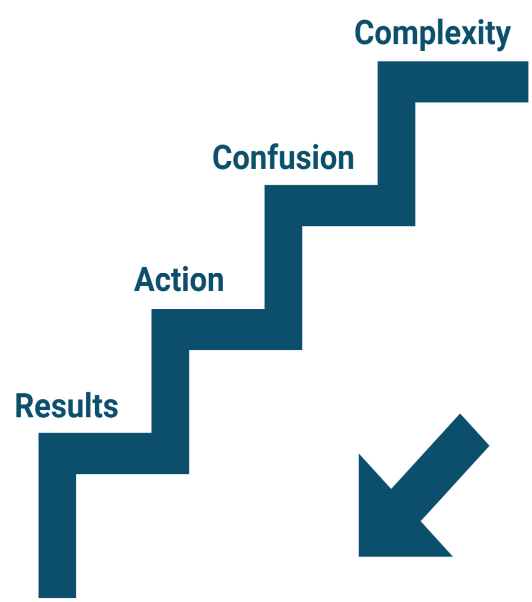
It is well-recorded that more than 75% of strategic plans fail. We often see the plan developed by a small group of executives and then placed in a folder deep inside the corporate cloud. It was never intended to be implemented. In other cases, people are serious about building a real plan but fail to involve the right people, so there is no buy-in, and implementation fails. Still, others will hire a high-priced outside organization to create the plan and deliver it to them with great fanfare. These are the biggest, brightest and most costly flameouts.

There is no shortcut to successful strategic planning. It requires full support and commitment from the organization's leadership. You will need to involve as many stakeholders as possible to ensure buy-in and then unwavering focus on the daily execution of the plan. If that sounds like hard work, it is. Anything worthwhile, like your organization or life plan, requires commitment and hard work. This book will show you how to simplify planning and implementation.

Effective strategic planning and implementation require the commitment and direct involvement of everyone in the organization. Bringing in an outside facilitator to guide the process is highly advisable. Even in cases where you have good strategic planning people on your team, you will benefit from outside help. A facilitator can act as a guide and remove process issues that can hinder what you seek – a great conversation. No matter how great, internal people will always bring a bias to the process. Look for that trusted advisor to be your guide.

We talk to many people about strategic planning. Sometimes, we turn down contracts when it is obvious the people are not serious, want easy answers or are doing it because a lender, board or partner demands it. Some senior managers will emphatically state that they do not need a plan because they focus solely on execution. **Executing what?** Without a plan, there is nothing real to execute. People in those organizations need clarification and support. They show up for work every day, wanting to do something that makes a difference with no hope. Execution without a visible plan is pure folly.

Strategic planning is not an event; it is an ongoing process. That means that you must commit yourself and the organization to strategic management. Strategic management is the planning, implementation and sustaining of high performance on an ongoing basis. This book will take you through the steps to turn that plan on the shelf into a living process.



Effective strategic management brings the clarity, accountability, trust and focus needed to improve your chances of a successful outcome.

We will guide you through effective strategic management for your organization. No one process or magic formula works for all organizations. If someone tells you they have a templated strategic planning process that works for everyone, show them the door quickly. You and your organization are unique, and the process must be suited to your organization. We will show you how to do that.

We have designed the book to be reader-friendly.   You can go back anytime and check specific sections, review the key questions to ask or help get things back on track.

Organizations often fear that keeping things simple will make them appear unimportant or uninteresting. A complex plan better reflects how complex their business is. They are wrong. Who are you trying to impress? Successful organizations have clear strategic priorities that everyone is focused on.

>75%
of strategic plans fail

Some advisory companies will try to saddle you with long, drawn-out processes and extravagant models. They will deliver records that no one can interpret. If you cannot explain it, you cannot implement it. Allow me to guide you from complexity to the beauty of simplicity and better results.

At the start, we admitted that we do not like strategic planning. We do have a passion for helping individuals and organizations succeed. This book comes from our passion and commitment to helping you in your journey. Enjoy the read.

How to Use this book

It is unnecessary to be an expert in strategic planning to build and implement a great plan. Suppose you are part of an organization that needs a strategic plan or one that is not working. In that case, you now have a user's manual to guide you step by step to a simple, clear plan that will drive the actions needed to get the results you desire.

The book begins with the foundations of planning. No **"one size fits all"** strategic plan is sufficient for every organization and circumstance. You and your organization are unique, and your current situation is unique. Therefore your plan must be unique and fitted to your organization. Understanding where you are, and the basics of planning will save you time and ensure your plan is right.

The book will be especially helpful as a resource for those working in organizations that have just begun the process of strategic planning. In section two, we show you each critical step necessary to get the most out of your planning process. We always recommend bringing in outside help to guide you in the process. This section gives you the knowledge to ask the right questions of any potential guide. The best strategic plans come from the best conversations, and we show you how to ensure you have the right conversation with the right people.

At the end of each chapter, you'll see a list of **Simplicity Keys**. These are the chapter's most important questions, ideas, and concepts. Use the Simplicity Keys as a quick reminder as you move through your planning process.

This book is action-oriented, and section three takes you through execution. Execution is where most plans fail. We show you what to watch out for, how to ensure real accountability and give you the tools to improve your implementation success.

Even the best strategic plans struggle, stall or go completely off the tracks. Expect it and use it to kick start the plan and the strategic priorities set. Remember, the best plans take time, focus and regular updating. We show you proven ways to turn your plan into results.

This book only answers some of the questions about strategic planning. It is a practical, user-friendly guide to help you build a successful plan. Keep it handy and refer back to it regularly to get on track and stay on track.

Getting Ready To Plan

Chapter 1: Getting Ready to Plan

In preparing for battle, I have always found that plans are useless, but planning is indispensable.
- Dwight D. Eisenhower

Refrain from jumping right into planning. Many try the old standard of pulling a few people into a room (sometimes on the weekend) and whipping a plan together. That never works.

As a leader, you must show that you have a clear picture of what you wish to achieve with a planning process. Take the time to understand what you are looking for and how to proceed. A little extra time at the start will save time and improve the chances of building and implementing a successful plan. By taking time, we do not mean months or years. If someone suggests it will take that long, they are misleading you. We have completed planning processes with organizations in a few short weeks using the techniques we will cover in this book.

Stop.

Ask the right questions.

Then proceed in a manner that will **build confidence with those involved** from the start. Hours spent at the start of planning will save weeks down the road.

This first section of the book will help you understand what you are looking for in a strategic plan, the steps you will go through and how you will do it. Take the time to read the chapters on strategic leadership, systems thinking and strategic management. They are the foundation of a great planning process.

Strategic planning is personal, and it is personal for you and everyone in the organization. We do not believe in standard templates that some companies say fit all organizations. They do not work. Other organizations can have a strategic plan similar to yours. You must start with the attitude of “what will make ours different? Every organization is unique. Strategic planning is about the conversation, not a fill-in-the-blanks template. Build a process that ensures the right conversation, and you will devise a plan that works for your organization. This book guides you through that conversation.

As you read through the first section of the book, keep these questions in the back of your mind.

- Do we have an existing plan?
- Have we attempted to implement that plan?
- Is that plan working?
- Will we be adjusting a plan or starting from scratch?
- What kind of outside help do we need?
- What kind of process will we use?
- What is the timeline to get this done?
- What resources will we need?
- How will we get the results we need?
- What will make our plan different?

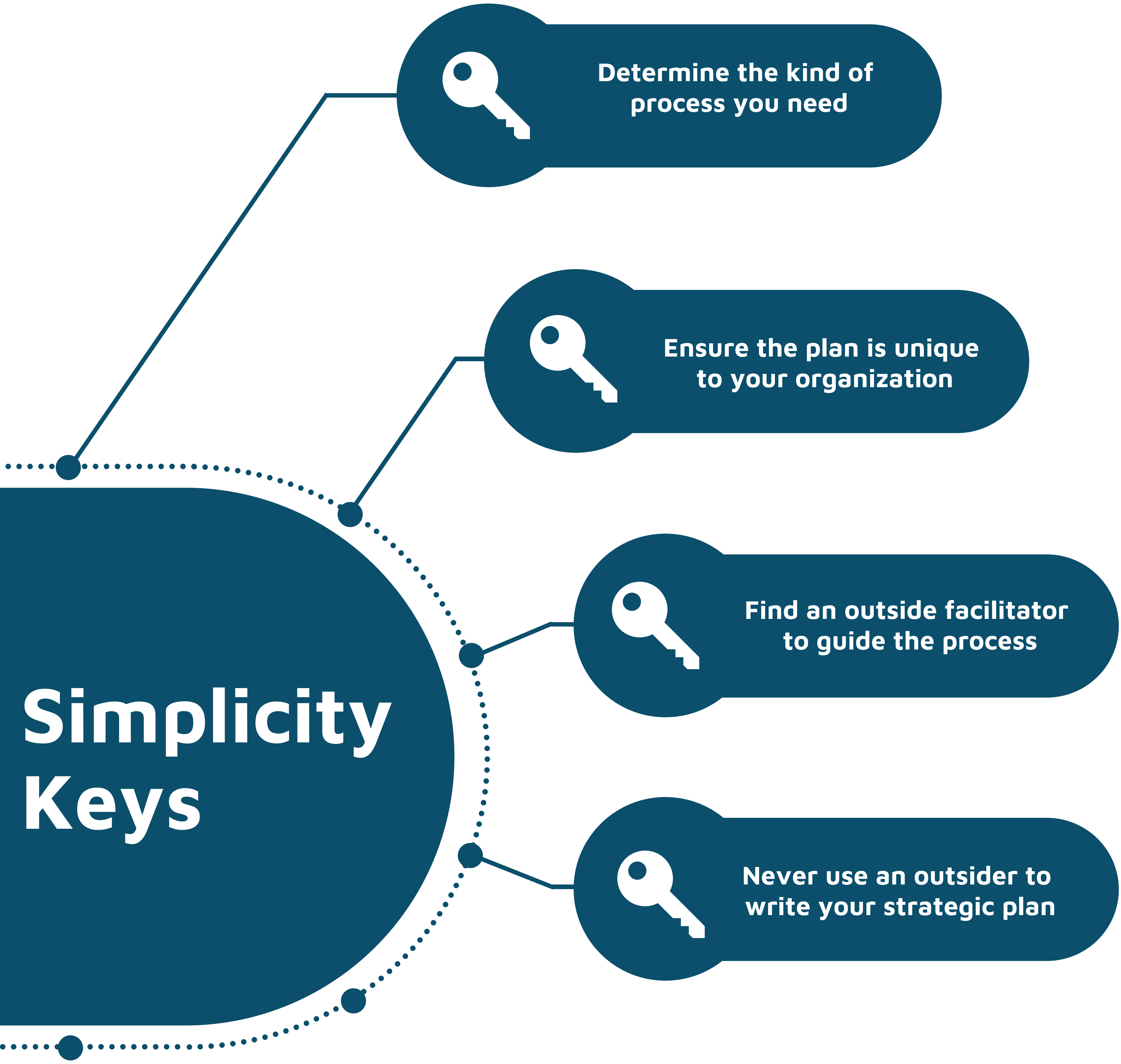
We always recommend bringing in outside help to facilitate the planning process. A good facilitator will remove the burden of the process and allow participants to focus on the conversation and the content. They will also remove the perception of bias that can prevent the open and honest conversation that is the foundation of a great strategic plan. Bring them into the discussion as early as possible. Ask questions of them and ensure that what they are recommending meets your needs. We are often asked if a group should find a facilitator that is an expert in the group's industry. If you can find someone, it may be helpful. They will come with a basic understanding of the industry language, and the learning curve is not quite as steep. The other side of the argument, which is equally valid, is that someone without industry knowledge brings no bias and will not insert any bias into the conversation. Look for a good facilitator first; if they have some industry knowledge, that is a bonus.

When you have identified potential facilitators, ask them those questions you have kept in mind. They must be able to lay out a recommended process based on your needs quickly. Beware of sales pitches. An effective planning process will have some bumps, and a good facilitator will not avoid them but instead embrace and use them for better results. If a smooth ride is promised, move to the next name on the list. You are looking for someone who can pull the best ideas from the passionate people in your organization. That means it is going to be a bumpy ride. The best facilitators enjoy bringing that passion to the surface.

Before you sign a contract with a facilitator, test that person with the senior management in the organization. The key relationship in the planning process is between the senior people responsible for the strategic plan and the facilitator. There must be both comfort and trust. The test can be as simple as a conversation to discuss the basics of the planning process. You are opening the lines of communication that will be critical as you move through the planning and implementation phases. Take the time to get the right people in place.

Never turn the creation or writing of your strategic plan over to someone outside the organization.

Assign one group member to work directly with the facilitator on the results of all planning discussions. Even if you have a planning team, one person is assigned as the lead contact. That person keeps possession of all transcripts, summaries, surveys and other materials. They will work with the facilitator on the draft records for approval and implementation.


Simplicity Keys
Determine the kind of process you need
Ensure the plan is unique to your organization
Find an outside facilitator to guide the process
Never use an outsider to write your strategic plan

Chapter 2: Strategic Leadership

> Leadership means bringing people together in pursuit of a common cause, developing a plan to achieve it and staying with it until the goal is achieved.
> - Bill Clinton

Leadership takes work. Even those recognized as great leaders will quickly admit they are still trying to get it right. That is why they are great leaders and are still working at it and know they will never get there.

The section on strategic leadership is near the start of the book because, with someone taking responsibility for strategic planning and implementation, it will get done. In most cases, this person must be the CEO of the organization. As you will see, it can be anyone in a leadership role of a work unit or group. Many tasks can be delegated, but the responsibility stays with the leader. Sometimes, a board of directors will push for a strategic plan. The board is vital in the process and must be fully involved. However, with the CEO responsible for implementation onside, the plan is preserved and the planning process is a good use of time. Suppose the CEO is unwilling to undertake a strategic planning process with every intention of full commitment to implementation. In that case, the board has a more important decision to make first.

The three basic responsibilities of a leader are.

- Strategic – setting the direction for the organization
- Execution – implementing, monitoring, adjusting and getting it done
- Development – building the people, capabilities, capacity and culture

The leader will not achieve their full potential if any of these three roles. There is no question that some people are better at some things than others. The best leaders recognize their weak areas and surround themselves with people that fill in the gaps. **It is a myth that a great leader can do the "vision," and it magically gets done.** The "vision thing" is followed by hard work on execution and building the people, culture and capacity to achieve the desired results.

Strategic Leadership takes it up a notch. The strategic leader translates the organization's critical and complex issues into simple, clear messages. The strategic leader stays obsessively focused on the vision set and can answer that important question, "what is in it for me?" for every stakeholder. The strategic leader delivers real results while always honouring the organization's values.

A strategic leader sets the tone for the organization they lead. Strategic leadership can happen at any level in an organization. You do not have to be the CEO to be a strategic leader, and you do not even need people reporting to you. Let's go back to the three basic responsibilities of a leader. We can replace the word organization with a project, initiative, or whatever fits where you are today. The same steps apply. As you progress through the book, look for how the steps apply to where you are today and begin using them daily. The results will be profound.

Some managers respond that there is no corporate strategic plan, so how can they have a plan for their team? Easy. Just go ahead and build one using the principles in this book. When others in the organization see your results, they will eventually follow. Leadership can come from anywhere. Test-run strategic planning in smaller teams or departments is also a great idea before doing the overall corporate plan. We will talk later about integrating plans throughout the organization.

In your team, you can start setting the tone of strategic leadership by demonstrating on a day-to-day basis a few traits. Try these tomorrow and build on them each day until they become the way you do business.

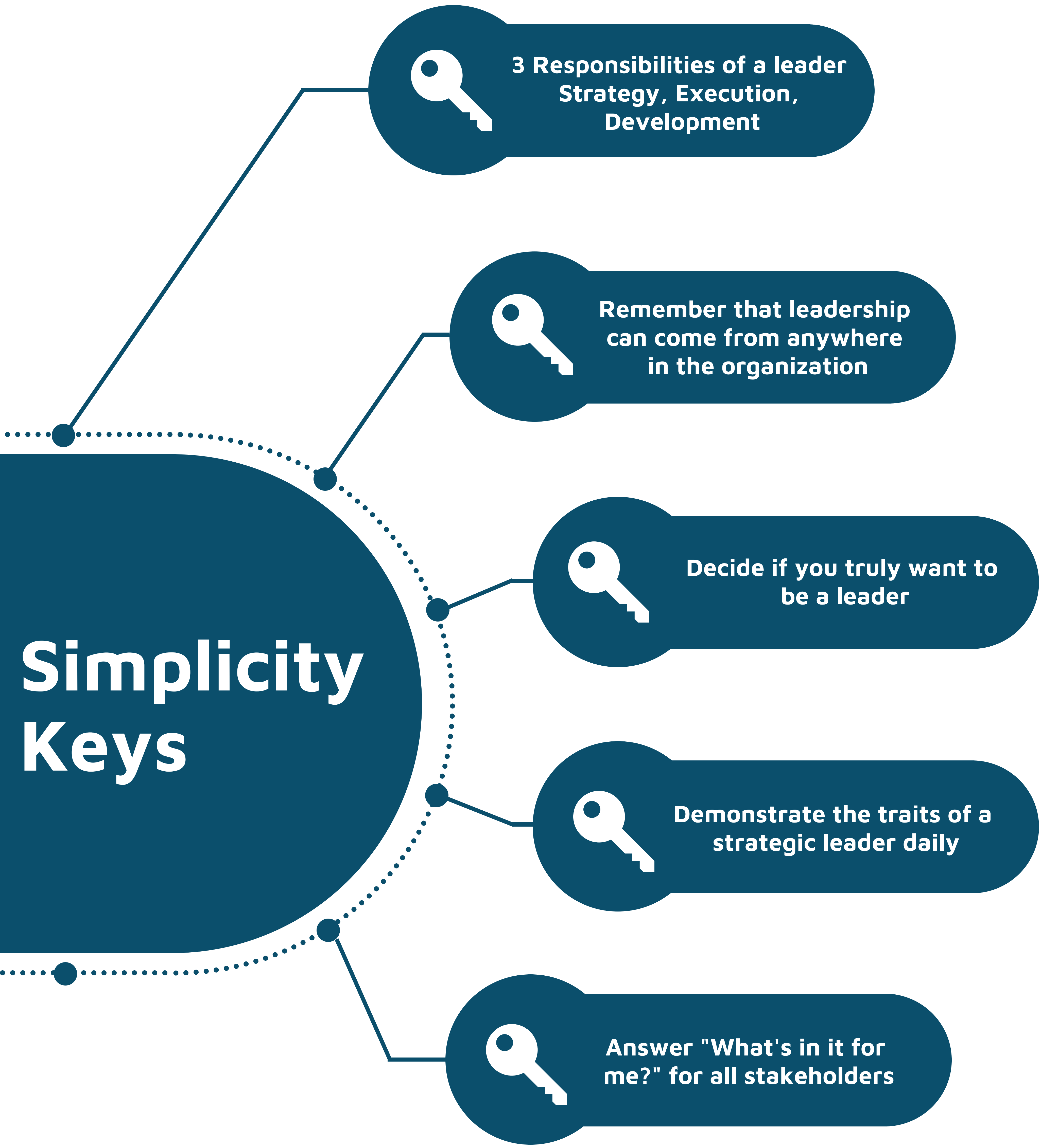
- Be the best you can in your current role
- Step up – if you have a vision, share it and push it
- Be willing to evolve and be patient with yourself and others
- Encourage ideas from everyone in the group
- Embrace skeptics – they are your best friends
- Always have your team's backs
- Accept responsibility for mistakes and admit them quickly
- Avoid "yes" people
- Allow no hidden agendas
- Show clarity of purpose – keep testing with stakeholders
- Monitor your progress – measure the important stuff
- Ask for and use feedback from all stakeholders
- Stretch the group to achieve great things – if everyone is comfortable, try harder
- Manage all aspects of your work unit – the small stuff is the big stuff

Some believe that to be a strategic thinker, you must be a **big picture thinker**. That may help, but it is not essential. In your current team, if you can see how they support the entire organization and you can lead in reaching their potential, you are a strategic leader.

If your first reaction is that leadership is not for me, stop for a minute. Leadership and management are not for some. We all know people who should never have been in a leadership role. Answer these questions and pick the spots that work best for you.

- Is being more effective in your current job important?
- Do you want to be happier in your life and relationships?
- Do you want to make a larger contribution to your community?

Following the principles in this book will help you in any aspect of your life and career. We need you to take on that strategic leadership role before we can be successful in planning and execution. With you, it will get done.


Simplicity Keys
3 Responsibilities of a leader Strategy, Execution, Development
Remember that leadership can come from anywhere in the organization
Decide if you truly want to be a leader
Demonstrate the traits of a strategic leader daily
Answer "What's in it for me?" for all stakeholders

Chapter 3: Systems Thinking Simplicity

> If life on earth is governed by the natural laws of living systems, then a successful participant should learn the rules.
> - Stephen G. Haines

What is systems thinking?

Systems thinking is a holistic approach that views the whole as primary and the parts as secondary. It focuses on the relationships between the parts rather than the individual parts themselves. Based on general systems theory, a field of study pioneered by Ludwig von Bertalanffy in the 1950s. Using systems thinking, you will see the interdependencies, connections and cycles in any problem. In linear thinking, these relationships are ignored, focusing only on the solution without considering possible consequences.

A system is a set of pieces working together to benefit the whole. Our bodies are a system. As individuals, we are a living system and part of larger systems such as communities, countries and planet Earth.

Each system comprises interrelated pieces that will affect the functioning of the whole. Each of the pieces will affect other pieces in the system. The whole system will have characteristics that none of the individual pieces possess.

Lead by example

Your organization is a system. It is a collection of individuals, teams and tasks that function to benefit the organization as a whole. We know from experience that if something goes wrong in one part of the organization, it will affect the other parts. This is why systems thinking is the best foundation for planning, execution and ongoing operations.

We like to use the visual of the drone. Getting above the ground level and day-to-day issues to see what is happening. What does the whole system look like? How are different pieces affecting each other? What is going on in the organization beyond each division's problems? Leaders at all levels in the organization must lead by example and show they are focused on the entire operation. Boards and senior management teams must use systems thinking to build strategic and execution plans.

Any living system has inputs, outputs, throughputs, and feedback on how things are working and it operates in an environment. All of the pieces are vital to the healthy functioning of the system. If anything is missing, we have a system failure.

Look at any manufacturing process. We have the output of a product which we plan to sell. We have inputs including parts, a factory, machinery and teams. Throughputs include the actual manufacturing steps that result in a finished product. Feedback tells us how we are doing and can be measured in units, time, defects, profit and anything else deemed important. We also exist in an environment that includes our marketplace, economy, country, global competition, supplier network and customer base. This is a complex mix of factors that can mean success or failure for our business.

We can bring the beauty of simplicity to this complex mix by returning to the model. While some of the technology, measures and marketing efforts may be complex, why we are doing them and where they fit are not. Everything can be classed as an input, an output, feedback, or an environment element. By constantly going back to the systems model, we can maintain focus on what is important.

In his great book **The Seven Habits of Highly Successful People**, Stephen Covey talks about beginning with the end in mind. This is systems thinking. He refers to the focus on outputs/outcomes and the need to start there. Our feedback measures will be matched to the results we wish to achieve. Inputs will be adjusted as necessary to support those outcomes. Throughputs will take those inputs and give us the outputs we desire. We must always be aware of our environment and what is changing.

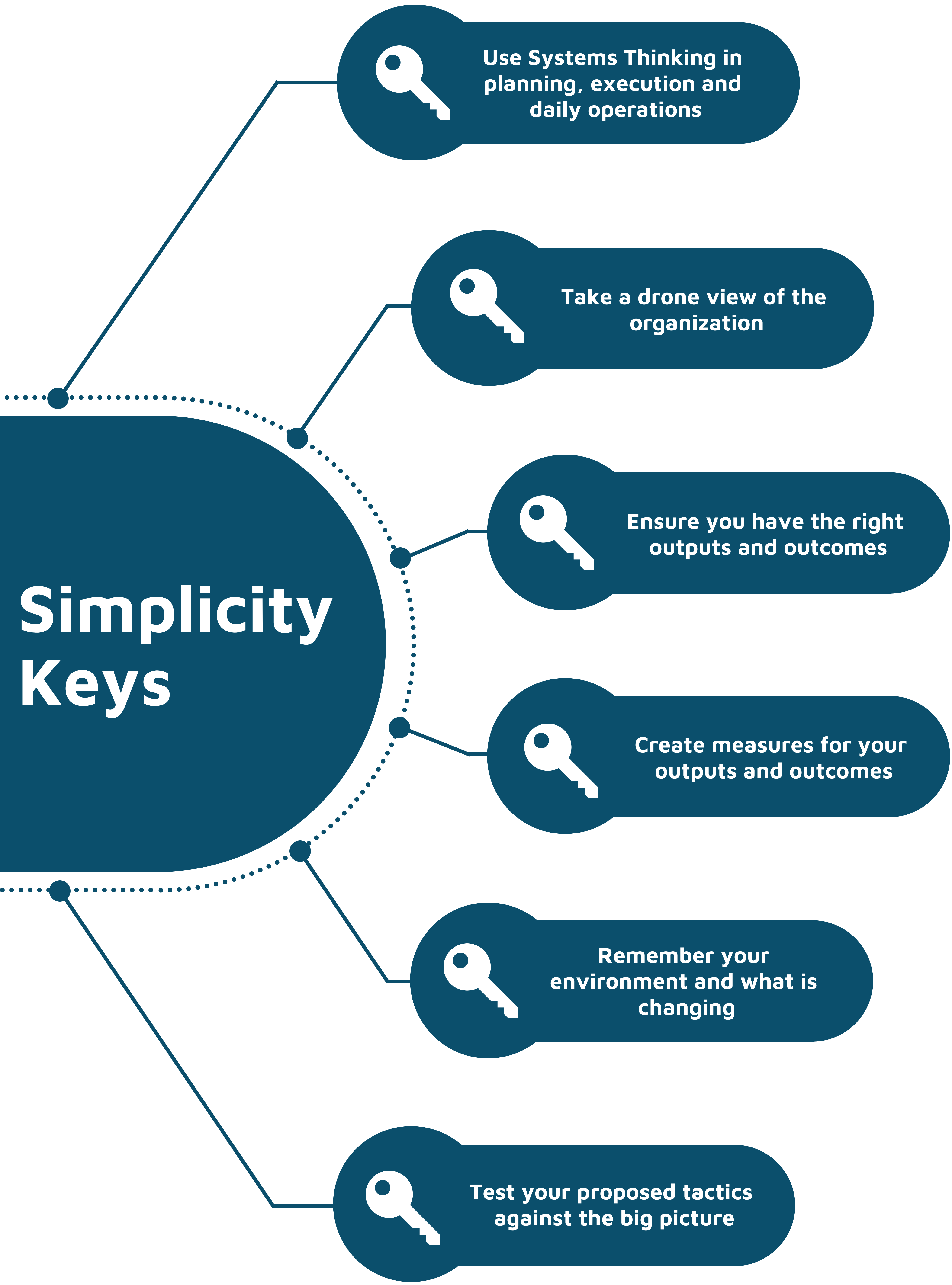
Suppose we start with the wrong desired outputs/outcomes. In that case, it is impossible to put the right measures, inputs and throughputs in place to be successful. We will not know how we are doing if we have the right outputs but do not measure the right things. We will only succeed if we have the right outputs and measures, and our inputs support those. The system is a cycle where all pieces must support each other, and one weak link destroys the system.

We have taken the systems thinking model and developed Strategic Thinking Simplicity for more effective strategic planning and management. This simple approach to planning and execution provides your organization with the clarity needed to undertake the right actions to give you the desired results you seek.

Systems Thinking is different from analytical thinking. Analytical thinking will focus on a problem and potential solutions without consideration for the whole system. This leads to “unintended consequences” that will negatively affect the organization. In strategic planning, we need both systems thinking and analytical thinking. Start with a systems thinking approach and the big picture. When you get to execution, utilize analytical thinking to build effective tactics, projects and programs. Always test those tactics against the big picture.

We can also use Strategic Thinking Simplicity in our personal lives to find greater fulfillment and better relationships.

Use systems thinking as the foundation in your daily activities for better, more consistent results. Create a system thinking culture in your life and organization and reap the rewards of achieving all your desired outcomes.


Simplicity Keys
Use Systems Thinking in planning, execution and daily operations
Take a drone view of the organization
Ensure you have the right outputs and outcomes
Create measures for your outputs and outcomes
Remember your environment and what is changing
Test your proposed tactics against the big picture

Chapter 4: Strategic Thinking Simplicity

> Great leaders are almost always great simplifiers, who can cut through argument, debate, and doubt to offer a solution everybody can understand.
>
> - General Colin Powell

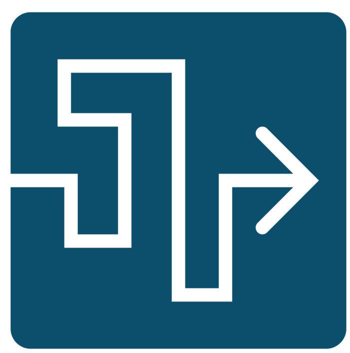
People in organizations frequently lament that we need to think more strategically. Where are the strategic thinkers when we need them?

In our day-to-day lives, we are faced with many complex issues and challenges. We are trying to grow our organizations, meet tight deadlines, manage a crisis or just respond to the latest unreasonable request from a customer or supervisor. Where do you find the time to think strategically?

Fortunately, thinking strategically can be easily learned and applied daily. Once you have mastered a few simple principles, you will find that strategic thinking can dramatically improve your performance in both your business and personal life. It will also clarify your purpose and reduce stress and improve job satisfaction.

What is strategic thinking?

In simple terms, strategic thinking is the unwavering focus on the desired outcomes of your business, project or initiative or "beginning with the end in mind." It can also be referred to as backward, future, long-term, high-level thinking.



Strategic thinking differs from analytical thinking, which is tactical, process-oriented and linear. You will need both strategic and analytical thinking to be successful. The key is to start with strategic and then move to the tactical when you enter the execution phase. Great strategic leaders always maintain sight of the desired outcomes even after moving into tactics.

We are not suggesting that strategic thinking is undisciplined or lacks a process to follow. It is quite the opposite. **A simple process makes strategic thinking possible** for even the most analytical thinkers.

Strategic thinking is different from strategic planning. Many strategic plans are developed with little strategic thinking. In those cases, they can be more accurately called business plans. You need to do business or operational plans after you have developed your strategic plan. The absence of strategic thinking leads to a high failure rate of any initiative and, ultimately, to your organization.

Strategic thinking is a critical piece of a successful strategic planning process. To successfully execute a strategic plan, you will need the continued strategic thinking focus combined with the sound tactics from analytical thinking.

Getting started

> Confusion is a great opportunity to simplify.
> - Brian J. Rhiness

We like to start by encouraging people to take a **"drone view"** of the situation. This means getting above the daily obstacles that face the organization or individuals. Free yourself to think broadly about where you want to be, why you want to be there and what that looks like.

Identifying critical issues facing you or your organization at this early stage is a great idea. By focusing on these critical points, we can ensure that throughout the thinking process, we are developing solutions. You are wasting time if your strategic thinking does not yield constructive results. Later in the model, we will come back to the critical issues.

There is a simple model that can support your strategic thinking process.

Thinking backwards means we start with the Future State. What is our vision for the future? Where do we want to end up? What are our desired outcomes? This requires a real, deep conversation. Forget the clichés and buzzwords. You seek a clear, easily understood statement of your desired future state. A poor job at this stage will waste the rest of the time. Spend the time here to ensure real clarity. Leadership requires clarity for communication and buy-in from stakeholders.

You define where you want to be, why it is important, and who you are. A powerful vision, mission and core values will set a strong foundation for success.

This is also an important place to engage an effective project team. Suppose team members can rally around an agreed-upon outcome for the project. In that case, they can improve buy-in, ensure accountability and improve the changes the initiative will succeed.

In your personal life, start with determining where you want to be. We know that this is the most powerful motivation for success. This may be setting career goals, defining the future with your partner, or deciding where to go on vacation. Once you have a set destination, it is much easier to take steps to get there.

Scan the Environment

You will note that in the middle of the model is Future Environment. This reminds us to do a complete and thorough future environmental scan before setting our desired outcomes. Go back to your drone view for a clear picture of what is happening in your industry, jurisdiction or life.

Success Measures

How will you know if you are making progress? By putting success measures in place. These measures should be few and give you immediate feedback on your progress. Your car's dashboard is an excellent example of measures – at a glance, it tells you everything you need to know about how your vehicle is doing and supplies immediate feedback on your actions. Do not wait until year-end to measure your progress – that is too late.

Current State

Now is the time to make an honest and complete assessment of where you are today. This includes resources, capacity, support and barriers to moving forward. A common approach uses a SWOT analysis (strengths, weaknesses, opportunities, threats). Use the drone again to get above day-to-day frustrations, institutional silos, egos and turf protection. These are all real obstacles to honest assessments.

We stress that this must be an honest assessment. If you gloss over real issues, you must think seriously about how to file for bankruptcy. Embrace skeptics in every phase of the planning process. They are your best friends.

Action Bridge

By this point in the model, we have a clear picture of where we want to be, a set of measures to test our progress in getting there, and a genuine sense of where we are today. It is time to build the strategies, actions and tactics to bridge us from today to our desired future state.

Strategies are how we close the gap between our current and desired future state. They are the ways, methods or groups of activities we will use to get there.

Again, we stress the need for simplicity and clarity. **Avoid buzzwords** and general statements. We suggest starting the strategy statements with "We will …" These are more powerful, action-oriented statements and will be easier to understand and explain. Remember, someone will be responsible for getting this done. Will they have a clear understanding of what they need to do?

Under each strategy, there must be a set of actions to achieve that strategy. **Actions** are the projects, initiatives or programs we will undertake to ensure the strategy's success. We are still in strategic thinking mode. Get up in the drone again. What specific steps will get that strategy done? Once we have turned an action over to someone, they can develop the specific tactics necessary to get results.

We have mentioned several times about keeping things simple and clear. This does not mean that the tasks needed to do the job will not be difficult – most will be. If they are worth doing, odds are they will be difficult. Some may take many people years to accomplish, and some will fail. You improve the odds of success by ensuring clarity of purpose and direction for those assigned the tasks. Then turn them loose, support and **trust them to do the job.**

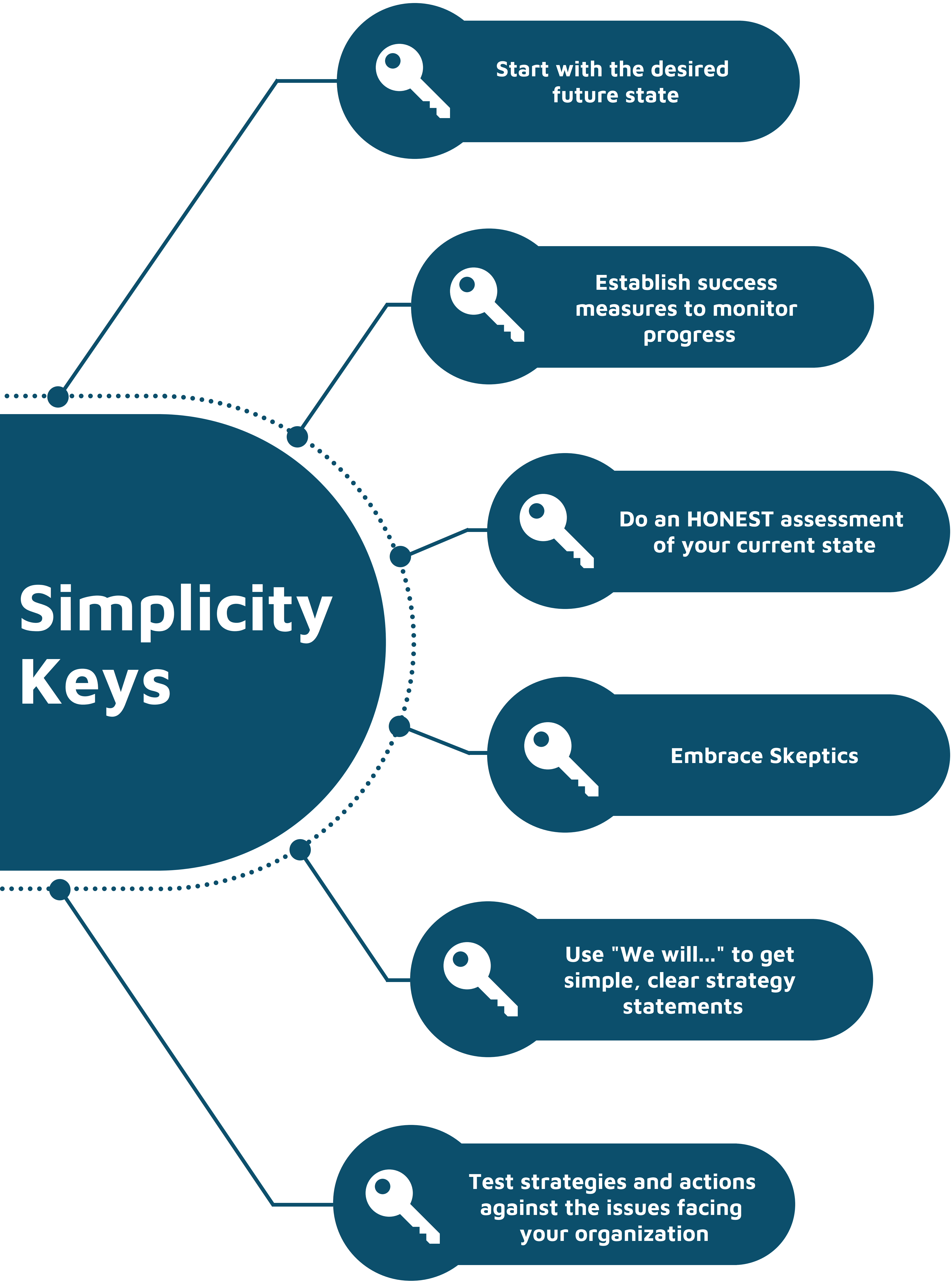
Each project related to an action item can go through the same strategic thinking process. They can develop their desired outcomes, success measures, current state assessment and tactics.

Stress Test

You must stress test your strategies and actions against the critical issues discussed earlier. Ask this question: "if we successfully implement these strategies and actions, will they address the critical issues we identified?" If you are not confident, keep going back and adding or adjusting the strategies and actions until you have the package you need to move forward.

Summary

There are countless planning models out there today. Some are good, many are too complicated, and others are wasted time. The bottom line is that all models, including the one described in this chapter, are flawed. Find one that works for you. It is not about the model but the engagement of people and the conversation. Keep it simple. Building and implementing a successful strategic plan can be easy. By using strategic thinking and a simple planning model such as the Strategic Thinking Simplicity model, you will see a dramatic improvement in your results.



Simplicity Keys
Start with the desired future state
Establish success measures to monitor progress
Do an HONEST assessment of your current state
Embrace Skeptics
Use "We will..." to get simple, clear strategy statements
Test strategies and actions against the issues facing your organization

Strategic Management Cycle

Chapter 5: Strategic Management

Strategy is about making choices, and trade-offs; it's about deliberately choosing to be different.
- Michael Porter

There are two organizations. The first has a clear strategic plan supported by everyone in their company, and they have a reputation for superior execution.

The second group has a plan developed during an executive team golf retreat. It rests comfortably in the top drawer of the CEO's desk. The team may hear rumours of its existence, and managers continually refer to the focus on execution.

Which organization will achieve better results?

The obvious answer is the first organization. If it is so obvious, why does the second group's description fit what is happening in most organizations today? Does it describe your organization today?

Research confirms that over **75% of strategic plans fail** to deliver the desired results. The number one reason for failure is poor execution. An excellent plan poorly executed is a failure, and a well-executed one is a success.

Note that you always need a plan as the starting point. **Execution without a plan is pure folly**.

Our second organization has a focus on execution. If no one knows what the plan is, what is being executed? Pep talks from managers about digging in, working harder and other meaningless phrases only add to the confusion.

What is strategic management?

Strategic management is more than an annual planning retreat and a nice glossy record that no one enacts.

You need a simple, clear plan outlining the organization's desired outcomes. The strategies and actions in the plan **must** be incorporated into business plans, operational plans, budgets and performance contracts throughout the organization. You must operationalize the plan, and that is implementation.

Implementation is where we need full commitment from everyone in the organization. There must be clarity around the strategies and actions, measures of success, timelines and accountabilities.

Execution takes time, focus and commitment. Strategies and actions needed to implement your plan successfully can take days, weeks, months or years. All of the above pieces must be integrated into the strategic management cycle.

Adopting the strategic management cycle will ensure that your organization progresses to your desired future state while building and sustaining high-performance year after year.

Success in strategic management requires you to follow some simple but vital steps. The work, discussions and decisions within each step may be difficult, but the steps are straightforward.

Support at the top

You need to start with a simple, clear strategic planning process. This means that **everyone** in the organization knows the steps, timelines and where they will be involved. We stress that everyone needs to be involved, at some stage, to ensure support throughout the organization. We use a **"Plan to Plan"** discussion with senior management before starting the planning process to map out the steps, engage the necessary stakeholders and establish timelines.

Senior management must actively support the process to ensure commitment throughout the organization. Setting the direction for the organization going forward is a primary responsibility of senior management and cannot be delegated. The activities related to carrying out the planning process can be delegated. This team must be established permanently to ensure that strategic management practices are fully integrated. The team must have direct accountability to and support from senior management. We strongly recommend the use of outside facilitation for the planning process. They bring a more balanced approach and eliminate concerns around bias, hidden agendas and favouritism. An outside facilitator can ask the tough questions that those in the organization may be reluctant to bring forward.

People support what they help create

You must involve all key stakeholders right from the beginning of the process. Who are your key stakeholders? A key stakeholder is anyone that can have an impact on the success or the failure of your plan. People support what they help to create. So get them involved from the start. You only need some in the room at some steps. But everyone must be clear on where, when and how they will have input into the process. Engaging stakeholders speeds up the strategic management process and dramatically improves your chances of success.

You will receive all kinds of input, some of which will be hard to accept. It is important to embrace skeptics. They are your best friends. You need skeptics to test the validity of all parts of your plan. Don't confuse skeptics, who ask the tough questions and push for better, with cynics wanting to disrupt the process. Purge cynics from the process and your organization.

Skeptics are your best friends.
- Stephen Haines

Many organizations continue to see strategic planning as a secret process to be undertaken by a few people at the organization's top. They roll out a plan using the **"Decide – Announce – Defend" (D.A.D.) model**, which ensures limited support and, therefore, limited success. In most cases, it is a total failure.

Now the hard part

You now have a draft plan developed by a broad range of stakeholders. It sets out the direction for your organization and the strategies and actions necessary to make it happen. Are you finished? No, that was the easy part.

Now you must implement the plan. You are entering the execution phase where most organizations struggle. We strongly recommend a **Plan to Implement** discussion. This may be one meeting or a series of meetings depending on the size and complexity of your organization. The Plan to Implement should occur a month or two after the planning retreat. This gives everyone time to digest all of the great stuff that came out of the planning retreat. Another way of saying the time for "sober second thoughts."

Planning retreats are a great and vital step in strategic management. The discussion, ideas, team building and passion that come out of these sessions cannot be replaced. The question that must be answered in Plan to Implement discussions is: can we actually implement all of this? In my experience, no plan ever comes out of this step unscathed. That is OK. Some strategies will be given a higher priority. Some will be postponed until next year. Some may be dropped. All strategies must be matched against the ability of the teams in the organization to get them done. Remember that you have ongoing operations that cannot stop because of a new plan. You need to push harder if you are comfortable with your draft plan. A good strategic plan must challenge the organization to higher places and be challenging to achieve. Anything worthwhile will be a challenge.

Be prepared to make some difficult decisions

The essence of strategy is choosing what not to do.
- Michael Porter

All the strategies and actions you agreed on must go into operational plans throughout the organization. This is where people will see their day-to-day efforts connected to the strategic plan. They must have sufficient funding to complete their new assignments. Budget decisions are always challenging, but you can only move forward if they are made. What are you going to stop doing to reallocate funds? These difficult decisions must be made to ensure the strategic plan's success. **Leadership failure frequently occurs at this stage.**

New initiatives must be given full support, or people will quickly realize that the strategic plan is not worth the paper on which it is written. Senior management must take on an advocate role to send clear messages of the importance of each initiative. The term cheerleader is often used, but it is much more than “rah-rah” and canned platitudes. It is daily support in communications and resources and rewarding those that reach milestones in strategic initiatives.

Who is accountable?

Another vital piece is ensuring someone is accountable for each action or initiative. It must be a person – not a division, job title or committee. Every action must have a face, so people know who takes the lead and is responsible. Most initiatives require more than one person to complete the job, but only one lead person exists. That person’s performance contract must include this piece of work. If performance contracts throughout the organization do not change significantly with the approval of a new strategic plan, it is impossible to execute. People will only do what is measured.

The responsibility for successfully implementing the plan starts with the senior executive team and must cascade clearly through the organization.

Strategic management cycle

On the cycle, you can see that we have covered the planning phase and implementation steps. This is not the time to “drop the ball.” We must continue pushing to complete actions, follow through on commitments, and make all necessary changes. The plan must be reviewed regularly, and a transparent planning and updating process must be instituted. It is a cycle because the process we just covered will continue. Updates will lead to reviews of the vision, mission and values and monitoring of the measures. Every update has the potential for improvements to the plan. As we make those improvements, our strategies and actions will change. Those changes will mean changes to budgets, operational plans and performance contracts. We will then act on those changes and follow through on commitments. Then we are into the next round of updates. Updates should be at least quarterly or more often if circumstances require it.

Stakeholder engagement and the future environmental scan are at the cycle's centre. They must always be top of mind and not just when we do the planning. Everyone in the organization must constantly be scanning for things that might affect the organization. We must regularly connect with all key stakeholders to ensure they support our actions. Their support means the difference between success and failure in everything we do.

When the strategic management cycle becomes "the way we do business," you will ensure you achieve the results your organization is capable of. The management cycle is a living process that keeps pushing you toward your desired future state.

Getting The Most Out Of Your Planning Process

Simplicity Keys

- Implementation requires the commitment from everyone
- Execution takes time, focus and perseverance
- People support what they help create
- Be prepared to make difficult decisions
- You have to stop doing "business as usual"
- Ensure regular updates

Chapter 6: Getting the most out of your strategic planning process

You would not believe how difficult it is to be simple and clear.
- Jack Welch

Strategic planning could be more fun. Anyone involved in a planning process will agree with that statement. It is one of a leader's most important (we would argue the most important) roles to set and execute the organization's strategic direction.

It is possible to carry out a successful strategic planning process that is painless and enjoyable for most participants. There are a few things that you can do to make a strategic planning process memorable for the right reasons.

Start with the people

Most groups will start with the location, facilities and activities when considering a planning process. Start with the people. **Involving the right people is the most important factor** in any planning process. These people know what is happening, have a vested interest in the organization's future and will be tasked with implementing the plan. Involve them from day one. We will discuss the right people in the Plan to Plan and Stakeholder Engagement chapters.

A key person in the process is the outside facilitator. They will make or break your planning process. We always encourage organizations to use an outside person to guide the process, even when the organization has a top-notch planning group. An effective outsider brings a different tone to the process and ensures that organizational issues and egos are left at the door. The planning process is about getting a good record and, simultaneously, having people feel good about their involvement.

One caution when hiring outside help: Be wary of individuals or companies telling you the planning process will take months or even years to complete. If they give you that pitch – show them the door. We have seen too many examples of consultants spending years "helping" organizations build the perfect strategic plan and leaving the organization frustrated and without any plan. There is no such thing as a perfect strategic plan.

Your hired help must be able to work with you to deliver a draft plan in a few weeks. Following the process in this book, you will see that a draft plan can be delivered shortly after a simple two-day planning retreat.

Will this plan be perfect? No.

Can you start implementing it immediately? Yes.

Which do you think is more important?

A reality to understand is that **plans must be revised from the start**. The upside is that the plan is a living record that can easily be adjusted to meet changes and will improve as we adjust.

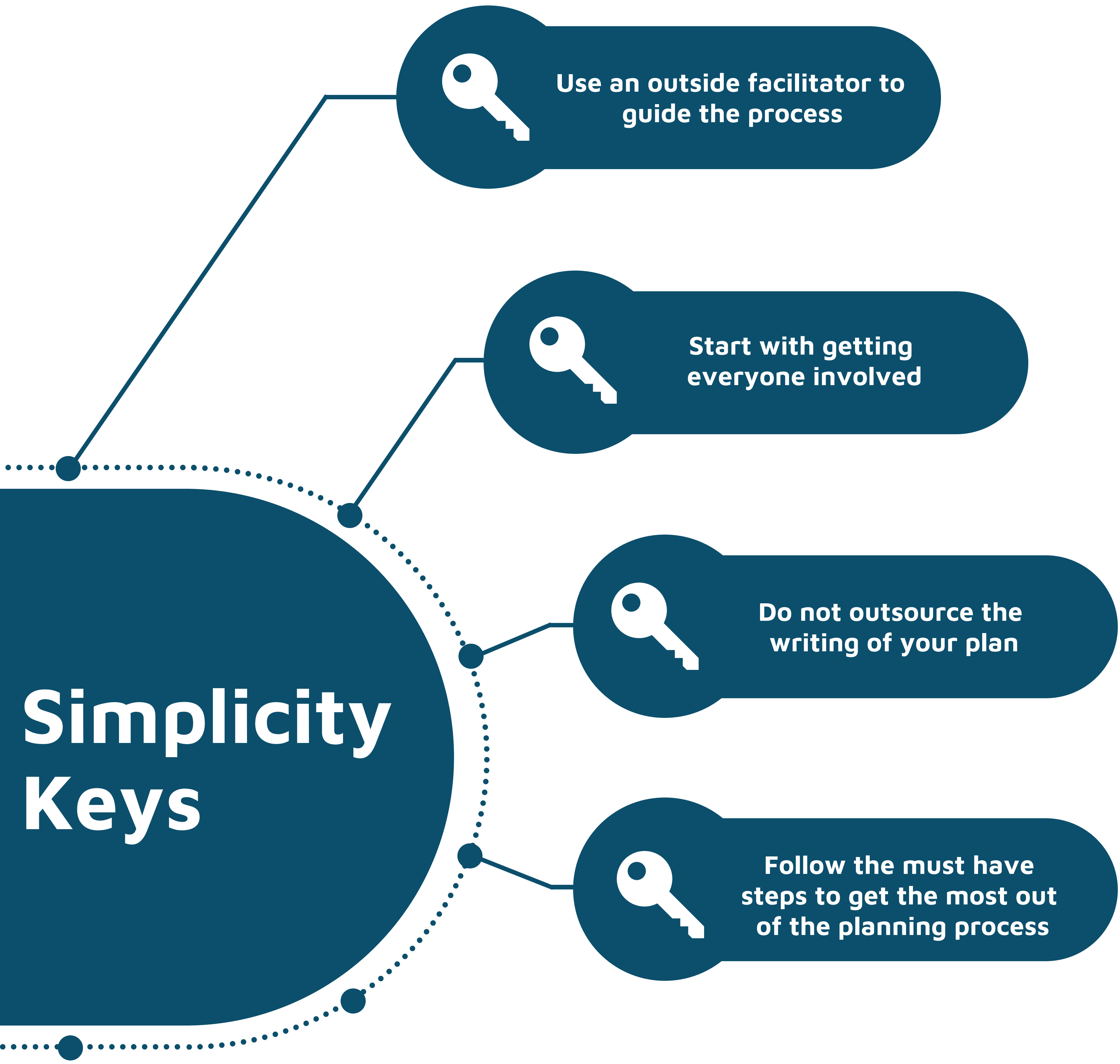
Another caution is never hiring someone or using an AI system to write your plan. This is a waste of money and time, no matter how big or famous the person or company may be. You will never implement a plan drafted by someone else. As the book will show, you can undertake a simple, cost-effective process with a much better chance of being successfully implemented. **There are no shortcuts.**

Once you have the right facilitator in place, they will guide you through the steps to get an implementable plan in place. Here are the must-have steps -

- Plan to Plan
- Engage stakeholders
- Get the most out of your planning retreat
- Plan to Implement
- Regular update sessions

These simple steps will ensure that your planning process is effective and enjoyable.

We will cover each of these steps in upcoming chapters.


Simplicity Keys
Use an outside facilitator to guide the process
Start with getting everyone involved
Do not outsource the writing of your plan
Follow the must have steps to get the most out of the planning process

Chapter 7: Plan to Plan

A goal without a plan is just a wish.
- Antoine de Saint-Exupéry

Before you launch into a planning process, you must Plan to Plan, a critical step in ensuring the planning process is fruitful. There are many important steps in planning, and this is the one step that will make or break your process.

We have turned down contracts because organizations feel this step is unnecessary – they just want to get going. Their process will fail, and we would not feel comfortable taking their money knowing that. Sometimes, they have returned after an expensive and painful lesson, and we have started again with a Plan to Plan. **Don't waste your time and money; do it right the first time.**

There are many reasons that the Plan to Plan is critical. Firstly, you need the senior leadership in the organization on board. They must demonstrate that this is their process and they are fully committed to it. The Plan to Plan isn't farmed out to anyone else in the organization. The CEO or group leader must be in the room and be part of setting all aspects of what will happen in the planning process.

We said previously that the Simplicity of Strategic Planning process could be used at any level of any organization. In the Plan to Plan stage, we want to ensure the lead decision maker, for whom the plan will apply, is driving the process. Follow the Plan to Plan Checklist for the questions to ask of the organization's leadership. If the lead decision maker is not present, walk away.

Plan to Plan Checklist

Plan to Plan Checklist

- ○ What are the desired outcomes from the planning process?
- ○ What is our organization doing well?
- ○ What are successful organizations doing well?
- ○ What are the critical issues facing our clients?
- ○ What are the critical issues facing our partners?
- ○ Who are our stakeholders?
- ○ How and when will we report back to key stakeholders?
- ○ When do we need a draft plan completed by?
- ○ What are the critical issues facing our organization?
- ○ What is our organization not doing well?
- ○ What are successful organizations doing that we can copy or improve on?
- ○ What are the critical issues facing our industry?
- ○ Prepare a detailed environmental scan
- ○ How and when will we involve key stakeholders?
- ○ Are planning event details in place?
- ○ When do we intend to implement the strategic plan?

A successful planning process is about having the right conversation, so you need the right people involved. Much of the time in a Plan to Plan meeting is spent on the right people. Who are they? How do we involve them? When do we involve them? If you err, do it on the side of involving more people. This does not mean holding a huge event with a cast of thousands. Some people can be involved before an actual planning retreat.

Done through team input sessions, surveys and one-on-one discussions with key stakeholders. You seek as much input as possible moving into the planning phase. The quantity and quality of input you receive before planning will determine the success of the entire planning and execution process.

In the Plan to Plan, we want to look at how we see the entire planning process rolling out. How long will each step take? Are there critical deadlines? When do we want a draft plan in place? When is the board expecting to approve a draft plan? When do we want to hold a plan to implement meeting?
We will want to get back to people. How will we report back to the team and other key stakeholders? People that have had a chance to supply input will be looking to see what you have developed. Do not disappoint them.

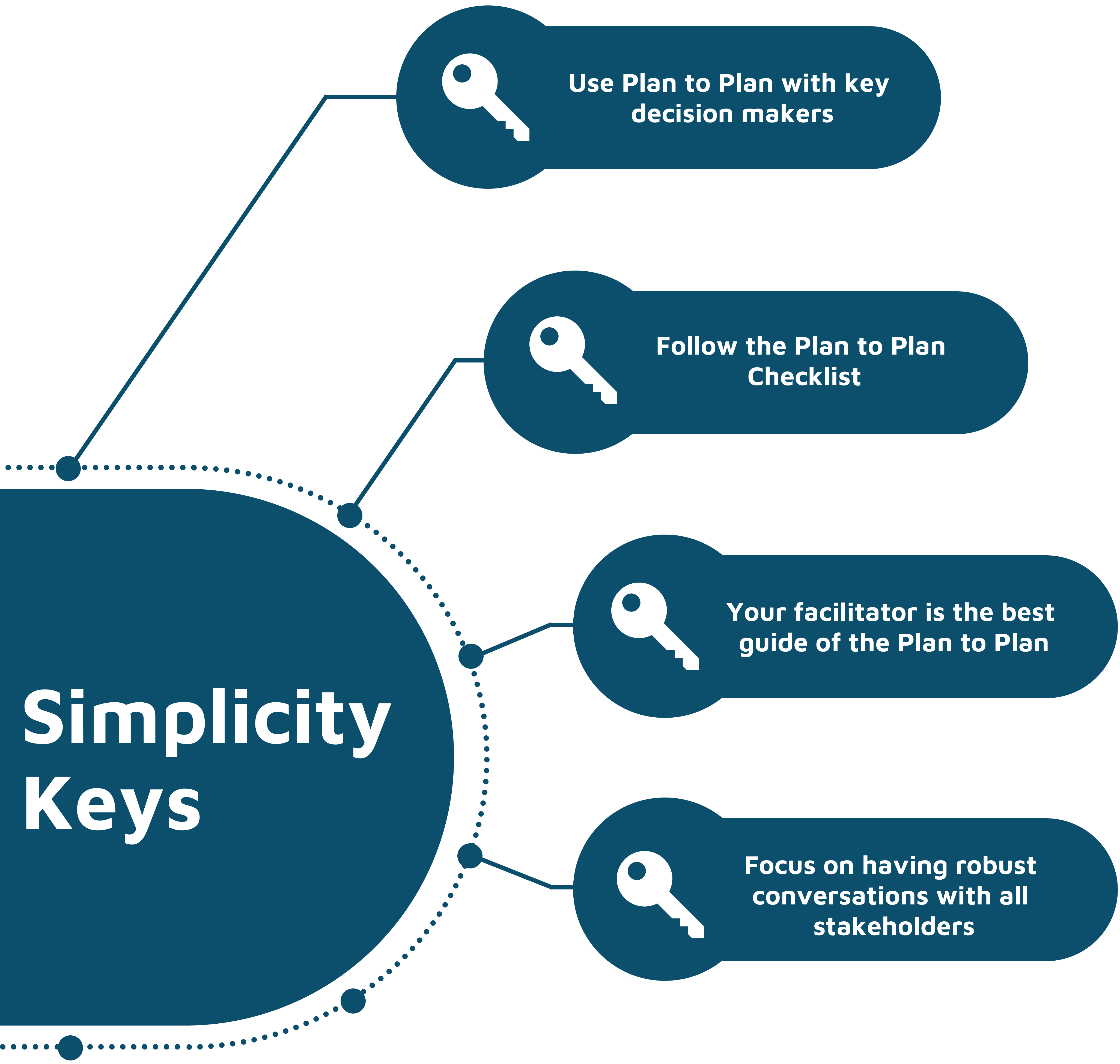
Secrecy = Failure

Consider a second round of feedback from key stakeholders based on a draft plan. When the time comes to approve a draft strategic plan, one of the first questions asked is, "how will stakeholders react to this?" You should have a gut feeling, and there is a simple way of determining, ask the stakeholders. These people will make or break your strategic plan, and you need their help. It is our experience that people are eager to help if the process is clear, open and honest.

An issue we sometimes encounter is the feeling that the planning process is TOP SECRET, so it must involve a select few people and be strictly confidential. **Get serious! That is nonsense.** With a few minor exceptions, maybe hostile takeovers and military invasions, no planning process must be secret. The chances of successfully being implemented are zero if it is kept secret.

If someone suggests the need for secrecy, look for another agenda. We have not participated in a "secret" process and do not wish to. Usually, after that initial suggestion and the Plan to Plan discussion, a more open process is embraced.

A good Plan to Plan involves the right people in the right ways and begins the robust conversation that is the backbone of successful strategic planning.


Simplicity Keys
Use Plan to Plan with key decision makers
Follow the Plan to Plan Checklist
Your facilitator is the best guide of the Plan to Plan
Focus on having robust conversations with all stakeholders

Chapter 8: The Planning Retreat

> Management is doing things right; leadership is doing the right things.
> - Peter F. Drucker

The planning retreat is the most high-profile event in the strategic planning process. It normally generates the most attention, discussion and worry. This is one more step if we follow the simple Strategic Thinking Simplicity process steps. Our work leading up to the planning retreat will ensure we get the maximum value for the time people commit to it. Only organize a retreat once you have completed the Plan to Plan.

This is your process.

Work with your facilitator to ensure that it is meeting your expectations. Much of the work will have been done in the Plan to Plan.

We need to ensure that the right people are in the room. This discussion will be held in the Plan to Plan. The number of people is less important than having the right people. The senior decision-makers know who needs to be in the room for the discussion to give them the desired results. As a bare minimum, you will need the board members, executive team, managers and outside stakeholders that may add to the flavour of the discussion. Adjust the participants to fit the organization or division conducting the planning process.

The principal purpose of the planning retreat is to have a great conversation. You must create an environment allowing that conversation to happen before, during and after the planning retreat. The discussion before will involve key stakeholders and can be in the form of surveys, focus groups and team meetings. Your retreat must not be a secret. Let people know it is being held, encourage their input and promise to get back to them after the event with draft records. This will keep the rumour mill quiet and help when we want to implement the plan.

After the event, get back to the key stakeholders with draft records for their feedback as soon as possible. People are watching. The longer you wait, the more suspicion will arise, and trust will deteriorate. Even if you return with preliminary thoughts from the retreat and stress that it is a work in progress, you will build goodwill with your stakeholders. It is recommended that some draft materials get back to key stakeholders within a week of the retreat. Waiting weeks or months before getting back is asking for trouble.

Following some basic good facilitation principles ensures a great conversation at the retreat. It is a safe place for people to express their ideas and feelings. Leave your cell phones and other devices outside (have fun with penalties if someone's device goes off) and remove as many other distractions as possible. The facilitator is in charge. This means that all participants (even the CEO) are equal participants. Embrace skeptics and accept all ideas as having merit. This is no time for group thinking. It is the time to ask the tough questions about the organization's future, where we are today and how we can best get to our desired future state.

Prepare and distribute as much background material as possible before the retreat. This must include a rigorous environmental scan and an in-depth current state assessment. If you survey key stakeholders, do so before the retreat. This is an opportunity to use the facilitator to handle the surveys. This allows the facilitator to get to know the stakeholders and the issues facing the organization. Share all background material and survey results with participants before the retreat, so they have a chance to prepare. A review of survey results at the start of the retreat sets the stage for an open discussion on the issues facing the organization.

The retreat must be held away from the organization's headquarters. A comfortable meeting room with room for breakout sessions is advisable. Embracing the modern remote work cultures, utilizing virtual environments is advisable to ensure all stakeholders are included and costs are reduced. Reducing distractions is equally important when using virtual environments. Do not hold the planning retreat in conjunction with recreational activities. Golf is a great sport but does not mix with a planning retreat. If golf is on the agenda, it is the agenda. This is business and must be treated as such. Keep the attire casual.

The facilitator will set the tone for the event. Staying on schedule and maintaining respect and common courtesy for all participants is important. The use of technology should make sense for the event. People like to see their ideas recorded and displayed. During the process, we will constantly come back to ideas generated, so keep them available for all to see. Identify a team member from the organization to work with the facilitator to be responsible for keeping all retreat materials. This same person must be responsible for working with the facilitator on the draft strategic plan.

A good facilitator will keep the process progressing and ensure all energies are spent on the rigorous conversation. Start the retreat by recording participant thoughts on desired outcomes for the planning process and critical issues facing the organization and reviewing any survey results.

The planning retreat is a great opportunity for team building. Many team-building exercises will work well and fit your organization. Whatever you choose, ensure that it does not take up major chunks of time. This can be another topic for the Plan to Plan meeting agenda.

At the end of the planning retreat, enough work must be done to develop a draft strategic plan. This means that all parts of this book section will be complete at the end of the retreat. How long should the retreat take? With good pre-retreat work, a two-day retreat is ideal. Longer retreats are sometimes recommended, but there must be good reasons to commit participants for the extra days. In large organizations, longer retreats can be used to hold a planning session for the whole organization and then sessions for each division. By tying the planning sessions together, you will keep everyone focused on the shared vision and how each part can support achieving it.

A well-run retreat can be enjoyable (or at least painless) and provide the organization and participants with a strong launching pad to move forward.

Simplicity Keys

- Ensure you have the right people in the room
- Prepare materials before the retreat
- Remember that all participants are equal
- Avoid group think
- Eliminate distractions
- Create a safe place to express any ideas - embrace skeptics

Chapter 9: Stakeholder Engagement

No one person is as smart as all of us.
- Brian J. Rhiness

The term "key stakeholders" has frequently been used in our discussions. You will note that stakeholder engagement is at the centre of the strategic management cycle model. The reason for this focus is that people are the single most important part of strategic planning. That statement may seem silly.

Unfortunately, it is also silly that many organizations and their leaders refuse to involve the right people in their strategic discussions. If you take only one point from this entire book, that point must be**: Involve all of the people necessary to ensure the success of your strategic plan.**

Pause at this point and scan the chapter on change again. The discussion on change will help you appreciate why you need to think carefully about your stakeholders at this stage. The more quickly and safely you can get them through the change curve to acceptance, commitment, and passion, the better. Consideration of their needs at this stage will save you time and money later, as well as improve your chances of successfully implementing your plan.

Ask this question: how can we help our stakeholders to accept and commit to our strategic plan as quickly and easily as possible?

Who are these people? A key stakeholder is anyone who can affect your strategic plan's success. Inside the organization, they include board members, managers and all teams. They can include shareholders, suppliers, customers, clients and partners outside the organization. All of these people have a personal interest in the success of your plan. You need to engage them on a personal level. All these people have the ideas, passion and commitment to make any plan work. Get them involved.

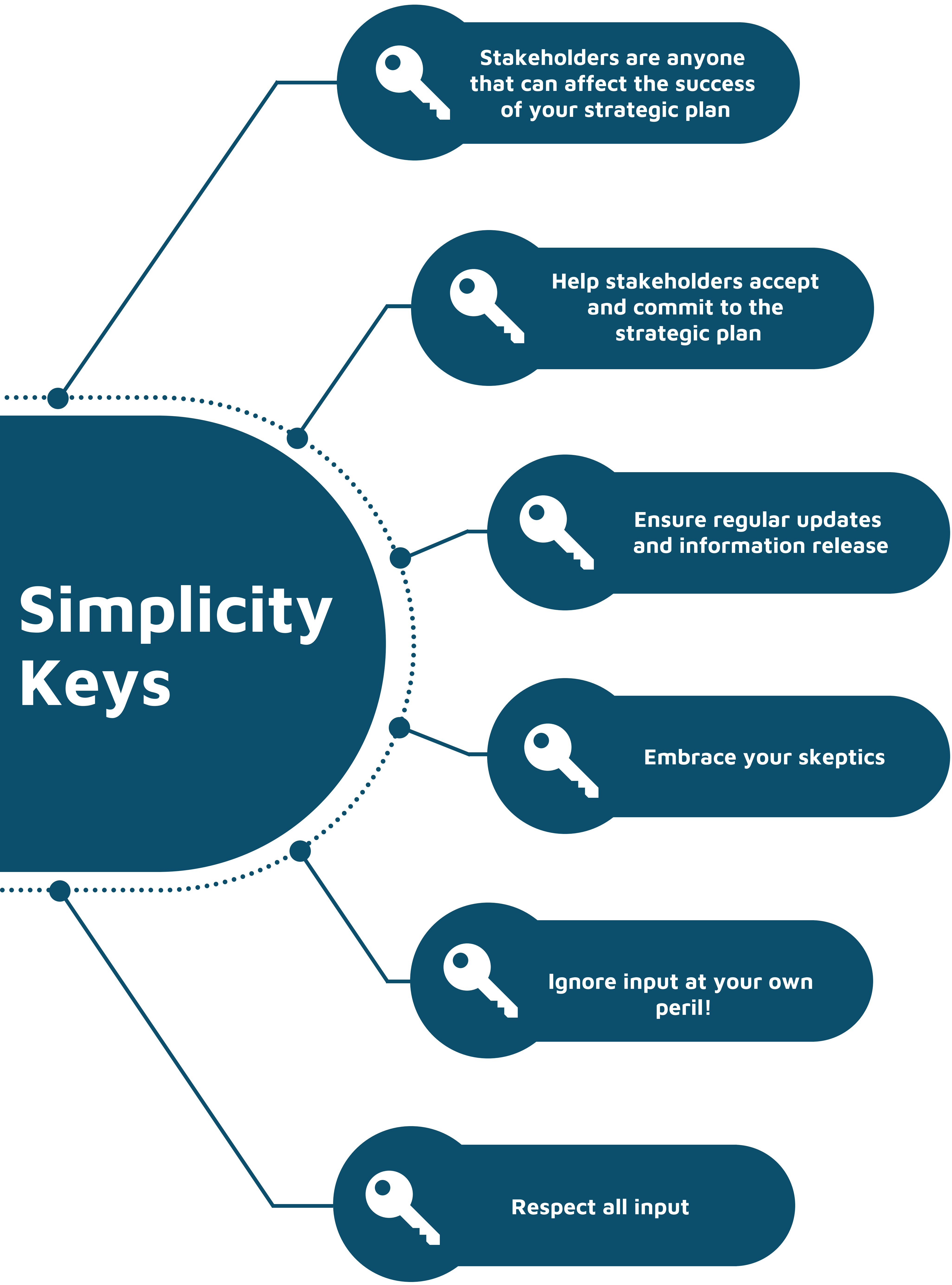
When to involve them? Involve them as early and often as possible. **You cannot fake engagement.** Do not attempt to engage them if you are not looking for their involvement. People will sense your lack of sincerity and rightfully punish you. Your plan will fail.

How to involve them? The best way to engage stakeholders is to ask for and use their input. This can be done through surveys, focus groups, involvement in planning retreats or having senior managers talk to individual stakeholders. Remember to embrace skeptics. People inside and outside the organization will have insights you need to consider. Ask for their ideas, concerns and recommendations. Record them and promise to get back with your responses and draft records.

We must be clear with all stakeholders that we are listening to many people and cannot guarantee that all recommendations will be accepted. We can guarantee that all will be heard and duly considered, and our best judgements will be used in building the plan. When we have a draft record, we will get it back to our stakeholders for feedback.

Caution: Asking stakeholders for their input and then ignoring it and them is worse than not asking. Team surveys and input is a special case. If you ignore them, trust is gone and hard to retrieve.

Future surveys will be a waste of time.


Simplicity Keys
Stakeholders are anyone that can affect the success of your strategic plan
Help stakeholders accept and commit to the strategic plan
Ensure regular updates and information release
Embrace your skeptics
Ignore input at your own peril!
Respect all input

Chapter 10: Future Environmental Scanning

You cannot predict the future, but you can create it.
- Peter Drucker

Planning is about the future. Before you get busy planning, stop and take a look at that future. That is critical to effective strategic thinking and any planning process. You must think about what the future might look like for you and your organization. We've placed environmental scanning at the center of the strategic management cycle for a good reason. Missing this step and your planning process wastes time and money.

Future Environmental Scanning is a look at the future world through the lens of topic areas that may affect your organization. The Future Environmental Scan is at the heart of the Strategic Thinking Simplicity model. We are looking at future trends, projections, opportunities and risks that may face you and your organization in the coming years. Before starting the planning process, we ensure we have as much information as possible to make sound decisions.

As always, we recommend including as many stakeholders as possible in the scanning process. What are the critical issues facing each part of your organization? What are your suppliers, customers, clients and investors facing? What does the economic and political scene look like where you operate? The more questions you ask, the better the scan. Your internal people have the best focus on what is happening related to your industry, products and services – use them. Sometimes, you may need to go to outside experts for specialized intelligence.

Remember our drone view. Get above today's issues. Broaden the discussion and look at any possibilities. What seems crazy might just happen! If you only look at today, your planning will get stuck in today, and it will be impossible to move forward.

A thorough scan must cover these topic areas

- Industry
- Stakeholders
- Political/Regulatory
- Customers
- Competition
- Technology
- Finances
- Culture
- Environment
- Reputation
- Brand
- Demographics

and any other issues specific to your organization.

For each of these topics, we need to ask three key questions.

- What?
- So What?
- Now What?

For example

- **What** is the trend?
- **So What** does that mean to our organization?
- **Now What** do we need to do to prepare for it?

Use the scanning process to build teams. Assign topic areas to groups of teams and have them return with their thoughts to share with the entire organization. Embrace skeptics and people that push the boundaries of your thinking. Remember, no one can predict the future. We can, however, create it through unique ideas.

Be on the lookout for “black swans.” A must-read is **The Black Swan** by Nassim Nicholas Taleb. Effective future environmental scanning is looking for things that at one time were unimaginable but are now taken for granted. Identify those unexpected events that could affect your organization. What are the potential transformational technologies or business models, and how would they affect you?

Many examples of new business models, technologies or trends have changed the world for organizations. This can be either positive or negative, depending on how your organization responds. Look at the finance industry, the internet of things, or social media for real-life examples.

Your future environmental scan results will provide a solid foundation for your strategic planning process. Use the Strategic Thinking Simplicity model to bring those great ideas to life.

Simplicity Keys

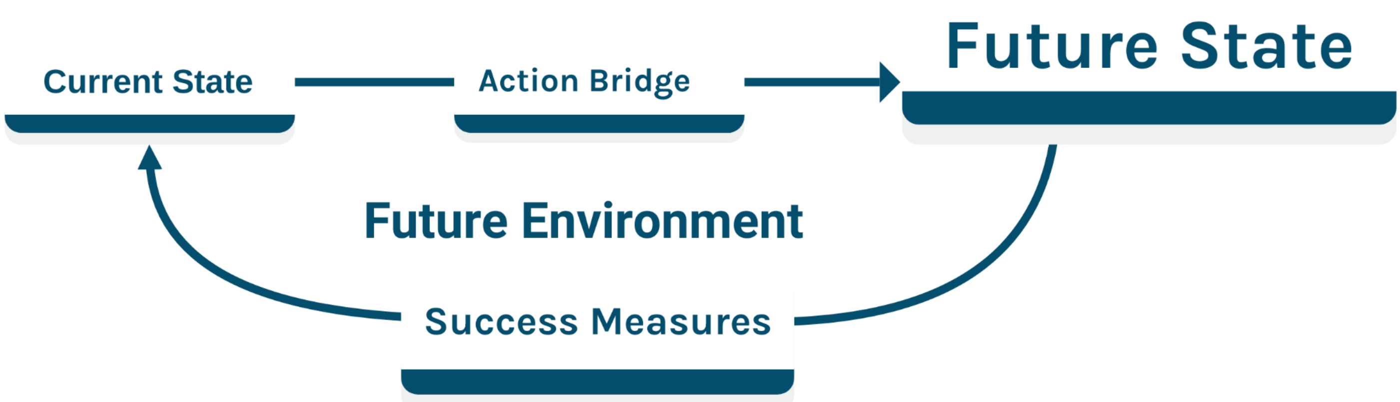
- Ensure a rigorous Future Environmental Scan
- Take a drone view - do not get stuck in today's issues
- Ask - What? So What? Now What?
- Use Future Environmental Scanning to build teams internally
- Look for Black Swans
- Embrace Skeptics

Chapter 11: Future State

> If you don't know where you are going, any road will take you there.
> - George Harrison

You need a vacation. You get busy booking hotel rooms, airplane tickets and rental cars. Suddenly you realize you have yet to decide where you are going on vacation. That is silly. Who would start taking action without knowing where they are going?

Unfortunately, the answer is that individuals and organizations do this daily. People are directed to get busy, work harder and focus without knowing where they are going. How does anyone know if they are helping or hurting? How do you measure progress without clearly understanding where you are going?



All of the build-up and preparation in this book brings us to the most critical part of the strategic planning process. All process pieces are important, and your plan will suffer if you do a lousy job of any part. Getting the right people in the room and doing a rigorous environmental scan provides the solid foundation for this critical conversation: your future state.

If you mess up the discussion on your future state, your plan will fail. Do not, under any condition, start the formal planning conversation at any other point on the Strategic Thinking Simplicity model.

We will stress again; **the success of your strategic plan is tied to the future state discussion and decisions.**

In the Strategic Thinking Simplicity model, the future state is on the right side. This implies that it is our destination. It is where we want to end up. Some call it their desired outcomes. You can refer to it with any terminology that makes sense to you or your organization. In The Seven Habits of Successful People, Stephen R. Covey refers to this as “beginning with the end in mind.” As you may recall from the earlier section of this book, beginning with the end in mind is the foundation of systems thinking.

Your future state has three parts.

- Vision
- Mission
- Core Values

Everything done in the strategic planning process follows what is done here. We will build success measures, strategies and actions based on where we want to end up. A well-thought-out vision, mission and core values will make the following steps much easier and clearer for everyone involved.

Vision

Start with setting your vision.

A vision is our view or image of what the ideal future looks like for us. It is our future hopes, dreams and aspirations, even if they are never totally attainable. The vision must be a positive and energizing statement of where we want to be at some point in the future. Successful people have used this basic approach forever.

Many people are skeptical of “the vision thing,” and rightfully so. Many visions are pointless nonsense that could apply to any person or organization. Make your vision specific to you. This is what success feels, looks, and tastes like to you. We are talking about the future state, so this is the vision of where you see yourself or the organization at some point in the future. Pick a point in time that is realistic. For organizations, a good time is five years out.

Bill Gates is credited with the saying, **“people overestimate what they can do in one year and underestimate what they can do in 10 years.”** We like to use this to motivate our vision thinking, knowing that big accomplishments take time and measuring progress is more important than measuring speed.

An exercise we like to use with groups is to ask each person to take a few minutes and write a headline for a press release on that day, five years in the future. They are playing editor for a day. The headline should say something about the organization. What do you want it to say? They are not writing the article, just the headline. That requires them to be clear and concise and get across what they aspire to be. It is amazing what comes out of this exercise.

Start playing with the words. Themes will emerge. As with the headlines, the vision must be a nice crisp, clean statement. Clickbait sentences and vagueness are not acceptable.

- How We Streamlined Operations To Cut Costs And Boost Efficiency By 50%
- Breaking Into New Markets: Our Expansion Into 12 New Markets In 5 Years
- Building A Strong Brand Identity: How We Stood Out In A Crowded Market And Have Increased Market Share By 60%
- Investing In Employee Wellness: The Benefits Of Our Wellness Programs In Reducing Employee Absenteeism And Increasing Retention
- Driving Social Change: Our Philanthropic Initiatives And Impact To Reduce Food Insecurity
- From Bootstrapped To Funded: Our Journey To Securing Over $5 Million In Venture Capital Funding

- We Have Changed The Game Forever
- How We Made Millions
- We Have The Best Customer Service
- The Amazing Strategy Behind Our Success
- We Are The Most Successful Company In Our Industry
- Our Employees Love Working Here

Do not give up if the vision does not come easily. This statement is critical. Take a break if necessary and come back to it. During planning retreats, we will not let the group move on in the planning process until we have a working vision statement. Without it, further conversations are a waste of time. Remember our vacation example above – you must know where you want to go.

Mission

Once you have your vision, you can set your mission. The mission is getting more specific. It must convey our unique purpose. Why do we exist? What business are we in? What do we produce or provide? Who do we serve? Those questions can be asked and answered by a person or an organization.

In many cases, this conversation is much easier for individuals and organizations. You know the answers to the questions above if you are an established business. Test those assumptions. The world changes quickly, and new business models and competitors emerge daily. This is a great time for a conversation around those questions.

Are you sure you are clear on who you serve and why? Are you producing the right things for the market today? The work you did in the environmental scan will be helpful here. Open the floor to a real discussion on those key questions.

A good facilitator **must challenge your thinking and push for a deep understanding** of who you truly are. A new mission may be exactly what you or your organization needs to relight the fires.

Check out the mission statements of other organizations. They can usually be found on their websites. You can learn a lot about what works and what does not from the experience of others. When you see a mission statement, ask yourself if it is clear, if you can understand it and if it reflects the image the organization is trying to portray. Ask the same questions about your mission statement.

Another test of your vision and mission statements is to ask if you would be proud to have them on your business card and website. Also, can you recite and explain them quickly to anyone who asks?

Personal Mission Statements

We strongly recommend developing personal mission statements beyond the organization and work life; these are truly personal.

A personal mission statement defines an individual's purpose and values. It outlines the goals and strategies they will use to achieve their vision of success. While often only associated with businesses, personal mission statements can also be incredibly valuable for individuals. The reasons for setting a personal mission statement include the following -

Providing clarity and direction - A personal mission statement helps you clarify what is important to you and what you want to achieve. It provides direction and focus, allowing you to make decisions and take actions aligned with your values and goals.

Increases motivation and commitment - By setting a personal mission statement, you can tap into a deeper sense of purpose and meaning. This can increase motivation and commitment, making staying focused and overcoming challenges easier.

Encourages self-reflection and growth - Crafting a personal mission statement requires you to reflect on your values, strengths, weaknesses, and aspirations. This self-reflection can lead to personal growth and development as you become more aware of yourself and your potential.

Improves decision-making - With a clear personal mission statement, you can use it as a guide to making better decisions. When faced with a choice, you can consider whether it aligns with your values and moves them closer to your goals, making it easier to stay on track.

Provides a sense of accountability - A personal mission statement can serve as a source of accountability, holding yourself responsible for your actions and choices. When faced with challenges or setbacks, you can refer to your mission statement and remind yourself of your purpose and commitment.

Core Values

The final piece of the future state is the core values. Core values are how we act or must act while fulfilling our mission and achieving our vision. **It is the way we do business.** They guide our daily behaviours and will define us as an individual or organization. It is the core values that set the culture of any organization.

Setting core values is not just listing words everyone feels should be there. Most organizations will use standard words such as respect, integrity, trust, accountability etc... These are great words and must be part of every organization and the principles by which we operate as individuals. What takes them from meaningless words to the foundations of our culture is to define them. Defining them does not mean opening the dictionary. It means conversing around the words and having your unique definition attached to the word in all records. Then you have to **live the core values**. This means everyone in the organization every single day. People will see quickly if core values are real or meaningless words.

The word accountability is a favourite. We will see in upcoming chapters that accountability means having a name and a timeline attached to an action and the expectation that the person will get the job done. If the job does not get done, that person is held accountable, and there are consequences. If an organization is known for finger-pointing, excuses and the blame game, using accountability is a joke, and no one is laughing.

Starting at the top, **everyone in the organization must support and live by the same core values**. You are being watched.

People at the organization's top are being watched more closely than anyone else. If one of your core values is integrity, but the CEO has a different definition for themselves than for others, you do not have integrity. If senior executives treat their reports badly, do not expect a culture of respect. Now more than ever, you are being watched as an individual and an organization.

There is the story of Enron's board of directors temporarily suspending their core values on occasion so that they could do certain things. We all know what those things were. You cannot suspend core values. You either live with them, or you do not.

The violation of core values is frequently where organizations and individuals get into trouble. The damage to your reputation can take a long time to repair.

Defining your core values will allow you to test them in specific circumstances. They must be part of every training program for the new team. Over time, how you live and demonstrate those core values to your customers, partners, and team will create the stories that become the culture of great organizations and great leaders.

Simplicity Keys

- Start with your Future State and incorporate your vision, mission and core values
- Make the vision statement meaningful and aligned to your desired outcomes
- Ask - Would you be proud to wear a shirt with your vision and mission?
- Define and live your core values

Chapter 12: Do Measures Matter?

The manager asks how and when; the leader asks what and why.
- Warren Bennis

The 2013 annual letter from Bill Gates is a powerful record. It is a must-read for anyone trying to get results in their business or personal life. Go to the Bill and Melinda Gates Foundation website and print it off. Keep it for future reference. In a few pages, Mr. Gates outlines the need for the right measures matched with the outcomes you are trying to achieve and the power of constant feedback. The example of the vaccination work done by UNICEF is more inspiring than any business case study you will ever read.

Measures do matter.

We all know the old saying – what gets measured gets done. It is true. Sadly, measuring our progress is not done well or, in many cases, done at all. Measurement brings clarity of performance and accountability. Those two words strike fear in many people. As Bill Gates points out, it also brings clarity of purpose and progress. Those words must be a call to action not just for the good work done by global charitable groups but for any organization trying to be successful.

Feedback is one of the cornerstones of systems thinking. We start by setting the outcomes we wish to achieve and build measures to assess how we move toward those desired outcomes. Without accurate measures, we have no clue if we are moving in the right direction.

What are Measures?

Measures are simply assessments of progress to ensure continual improvement toward the desired future that has been set. They answer the questions:

- How will we know if we are being successful?
- How will we know if we are getting off track?
- What are the corrective actions needed to get back on track?

Measures are the way we keep score. Try playing or watching any sport without keeping score. Not only is it boring, but it is also impossible to motivate the players or fans. If there is no focus, no one can adjust their game plan. Do we need more offence or defence? Imagine a famous coach giving an inspiring speech between periods without knowing the score. That would be ridiculous, and it is happening in organizations every day. How are managers motivating teams with no scorecard?

How to Measure

First, keep it simple. You do not need to measure thousands of things. Envision the dashboard of a car. A few key things will give a quick assessment of how things are going. With a glance, you can see how fast you are going, how much gas you have left and how far you have driven. Warning lights also come on if you are low on oil, have a problem with your tires, or need to check the engine. These simple measures take the guesswork out of driving a car. Take those same principles and apply them to planning in your business or personal life.

Measuring the progress of your strategic plan is not the same as collecting and analyzing all of the data needed to operate your organization daily. That data is vital. Some of it may help assess your progress as an organization, but it can also bury everyone in mounds of data with no conclusion. The dashboard approach gives you valuable quick indicators to tell you how you are doing. Further analysis may be required to get to the root of any problems.

You will recall from our Strategic Thinking Simplicity model that we start by establishing our desired outcomes in our future state. The next step is determining how we will measure progress toward that future state. What indicators will tell us if we are on track? The target will determine what and how you will measure. For example, if you have decided to finish a marathon next summer, measures would be keeping track of your daily and weekly training runs. If, after one month, you cannot walk around the block, some adjustments need to be made.

If your outcome is to be the leading provider of ventilators to hospitals, then sales of that equipment are an obvious measure. Does waiting until the end of the year tell you if you have been successful? Yes and no. Year End sales or profits are lagging indicators and are, of course, important but are too late to make necessary adjustments. Lagging indicators are historical, quantifiable results at the end of a period. You also need leading indicators such as daily, weekly and monthly sales. Leading indicators are predictive processes, activities and behaviours. Not all measures will be numbers. Feedback from your sales force and clients will tell you how you are doing quickly. Getting out of the office and talking to the team and customers is a good way of getting immediate feedback.

In training for your marathon, the lagging indicator is finishing the race. The leading indicators are those daily, weekly and monthly training runs that get progressively longer and easier.

What gets measured gets done!

For measures to be effective, they must be meaningful to those looking at them. Take the time to assess or ask your stakeholders what they need to see and when. The board of directors will have specific needs, as will senior management, shareholders, suppliers and customers. Feedback from these sources will allow you to make immediate adjustments or corrections as you progress toward your desired outcomes.

Look for various measures covering quality, quantity, time and cost. Match those areas up with customers, employees, society, operations, stakeholders and financials, and you have the foundation of an effective measurement system.

Measures must also be in place for your strategies and actions. This is the “how to” part of achieving our desired outcomes. By measuring all of the strategies and actions, we ensure that each piece we have put in place on our Action Bridge contributes to getting us from our current state to our desired future state.

Ensure that your measures are visible to those that need to see them. Secret measures do no good. Visible measures can motivate and keep everyone focused on the right outcomes. We have true accountability if we know what we are measuring and who is responsible. The right metrics drive the right behaviours.

Measures give us the milestones we need to celebrate successes, the data we need to adjust course quickly and the justification to stop doing some things.

Use measures as part of your strategic planning process to change your organization, your life, or even the world.

Embrace Software for Measuring

First and foremost, software platforms allow you to manage performance data in one centralized location. This makes it easier to access and analyze, as well as share it with relevant stakeholders. With key performance indicator software, you can track performance metrics in real-time, enabling you to identify trends and adjust your strategies as needed.

These platforms also offer customizable dashboards, which provide the ability to focus on the most relevant metrics and visualize them in a way that is easy to understand.

This empowers your organization to make data-driven decisions and quickly identify areas for improvement. Collaboration and communication tools are also available, allowing stakeholders across the organization to share data, discuss performance, and make informed decisions.

In addition, you can automate the reporting process, saving time and reducing the risk of errors. You can also set benchmarks for performance metrics, allowing you to compare their performance against industry standards or competitors. This will help identify areas for improvement and adjust your actions accordingly.

Realistic Measures

Using realistic and attainable measures is important for several reasons. Firstly, it enables an objective assessment of performance, which is essential for measuring progress and determining whether goals are being met.

It also motivates individuals by giving them clear and achievable metrics to work towards. This sense of purpose and understanding of how their efforts contribute to the organization's success can drive productivity and engagement.

Having realistic and attainable metrics is useful for decision-making. By tracking progress toward goals, leaders can make informed decisions about where to invest resources and how to allocate budgets.

The achievable metrics allow for continuous improvement. Organizations can make incremental progress over time by consistently meeting or exceeding realistic goals.

Finally, using realistic and attainable metrics facilitates communication and collaboration. Team members can work together towards common goals and have a shared language for discussing progress and challenges.

Setting realistic and attainable metrics is crucial for driving success and growth. It provides a clear roadmap for progress and motivation and helps leaders make informed decisions about strategy.

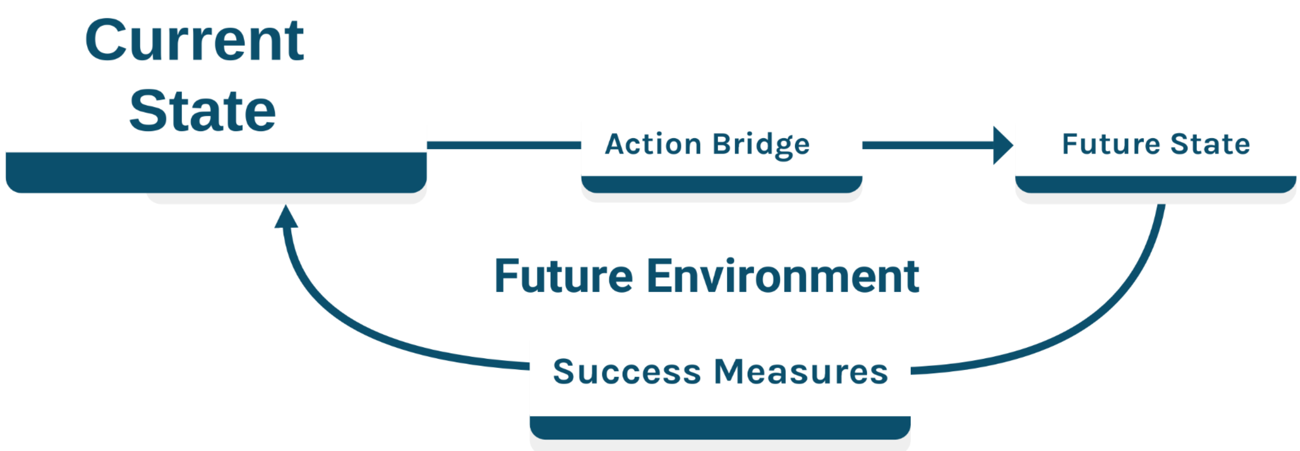
Simplicity Keys

- What gets measured gets done
- Use dashboard indicators
- Ensure both leading and lagging indicators - more weight on leading
- Remember, not all measures are numbers!
- Ask stakeholders what indicators they need and make them visible
- Celebrate milestones!

Chapter 13: Understanding Your Current State

Could you honestly and accurately assess how your organization is doing today?

We are not referring to your candid thoughts in the bar after work. We are talking about in front of your colleagues, in an open, honest, realistic and comprehensive review of what is working and not working in your part of the organization. Most people will quickly say I could. Most people find it difficult and even impossible.



In the strategic planning process, the current state assessment is where people feel most vulnerable. You are now talking about current performance. Egos, budgets, personal empires and respect for your colleagues are suddenly on the table.

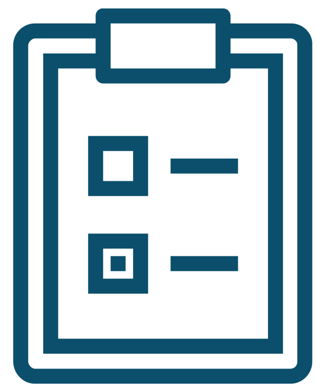
Until this stage in the Strategic Thinking Simplicity model, we have been discussing environmental scans, desired outcomes and success measures. These are usually safe discussion areas for participants. We need to provide that same safe discussion space to get a true assessment of where we are today. This is another vital piece in the strategic planning process. We have already established where we want to be with our future state (vision, mission, values), and we must compare that to where we are today. The gap between where we are today and where we want to be will be covered with the Action Bridge.

The current state assessment is a snapshot of where the organization is today. No judgements. We are looking for a realistic, comprehensive and honest discussion. Take our drone view again for that big-picture perspective, and then return to earth for specific pieces. Remember to embrace skeptics;

they are your best friends. This is not the time for general statements about how great we are or glossing over issues. As we move from our current state to our desired future state, we know that things like existing structures, culture, egos, budgets and processes will be the biggest barriers to the changes we need to make. Put those issues on the table.

In the upcoming chapter on change, we will cover the challenges facing you as you move to implement your strategic plan. Check out the Iceberg and Change Curve. Discuss them openly during your current state conversation. It is also important to be open about the organization's financial state. We need the most information possible to make the best decisions as we develop the strategies and actions that will be our Action Bridge.

There are many approaches to collecting the necessary information for a rigorous current state assessment discussion. Find one or a combination of approaches that works for you. We recommend the standard SWOT analysis.



SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The strengths and weaknesses are internal to your organization. The strengths are those things that we can build on going forward. As always, we must be specific and not fall back on general statements and buzzwords. We will need to eliminate or cope with the weaknesses going forward. By identifying where we are vulnerable, we can take steps through our strategies and actions to turn some of those weaknesses into strengths.

The Opportunities and Threats are external to the organization. What is happening in our industry, country or global marketplace that could positively and negatively impact us? Some of this information will have been collected during the environmental scanning exercise earlier in your planning process. Remembering to take the discussion deeper than just making a long list of items is important. What are the real opportunities, and how do we capture them? How can we turn potential threats into new opportunities? We can exploit opportunities for our benefit, and Threats are things we need to ease, eliminate or turn on their heads.

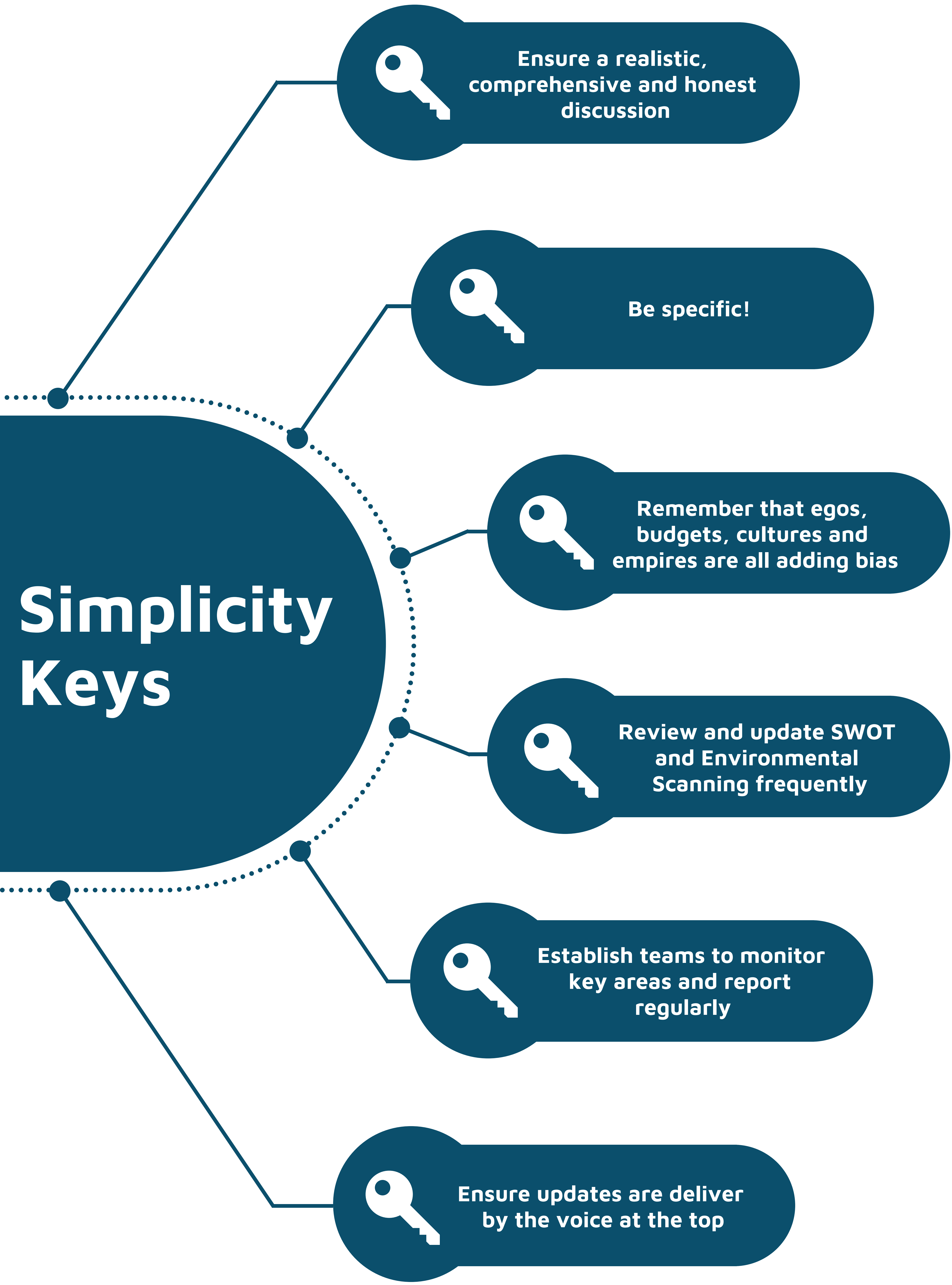
The SWOT process and the environmental scanning exercise are great opportunities to involve people throughout the organization and outside partners and stakeholders. We want to gather as much useful information as possible and engage as many people as possible. These are two places in the planning process where that works well. The better the information, the better the decisions and the more people feel engaged, the greater the chance our strategies and actions will be successfully implemented.

You can create teams to work on various parts of the SWOT or have breakout sessions at team meetings to gather input. Specific ideas on potential opportunities or identified weaknesses can be assigned to task teams to develop possible strategies and actions. The better quality of the work here, the better the strategies and actions will be at the next stage.

SWOT Analysis

Reporting on the current state and the SWOT analysis is a great place for the CEO or group leader to demonstrate their support and commitment to the planning process. A summary of the key points, areas of concern, and opportunity will show all people involved that they are being heard and that their efforts are important to the planning process. You will be counting on these people to implement the strategies and actions to move the organization forward.

SWOT and environmental scanning are two exercises that are more than an event completed yearly. There is a real advantage to these activities being ongoing. Establish teams to monitor key areas and report back regularly. The world around you is changing quickly. You cannot wait for an annual planning review to respond to a new threat or to grasp a new opportunity.


Simplicity Keys
Ensure a realistic, comprehensive and honest discussion
Be specific!
Remember that egos, budgets, cultures and empires are all adding bias
Review and update SWOT and Environmental Scanning frequently
Establish teams to monitor key areas and report regularly
Ensure updates are deliver by the voice at the top

Chapter 14: Build Your Action Bridge

Most people want to jump straight to the action. Forget the planning part, and let's just get busy! Busy doing what?

People need to know where they are today and where the organization is going. What is our destination? People want to contribute positively and will, if given the right tools. Without a clear sense of the desired outcomes, they will do something, and it may or may not be what is needed.

Following the Strategic Thinking Simplicity model has taken us from the starting point of setting our desired future state through establishing the measures of success and assessing our current state. Those steps were completed after doing a rigorous environmental scan. All of those steps, in that order, are essential if you are to be successful. Now we are ready to fill the gap between where we want to be and where we are today. We are going to build an action bridge to the future.

The Bridge

The Action Bridge is simply the set of strategies and actions that we believe will take us from our current state to the desired future state that we have envisioned. If we have done a good job in the previous steps of the process, this part will be relatively easy.

The strategies are the how-to of the process. They are the means to the end that we have set. We will build a group of

activities, methods or specific ways that we will use to bridge the gap. It is important to be specific in the language you use. The strategies you set will communicate to all those involved what your intentions are. Vague language means poor communication. We recommend using phrasing such as, we will …..

For example, **we will expand operations into 3 international markets.**

You are probably thinking that statement does not tell us how. Stay tuned.

The strategy is linked to our desired outcomes. If our desired outcome is to be a global player in our industry, then expansion into three new countries fits. It communicates our strategic intent.

Keep the number of strategies small to focus the organization. We recommend that no more than seven strategies be undertaken at any time. Remember that the organization will have ongoing operations and priorities. Overwhelming people with stuff that clearly cannot get done with existing resources is demoralizing and ensures that nothing will be successfully implemented.

The strategies should be a mix of external and internal. If we need to expand into three countries, there will be some internal things that we need to do. Structural, management and governance changes may be needed. A good mix of strategies shows you have thought through all the pieces needed for success.

Be Clear
Be Honest
Be Focused

Time for Action

Under each strategy will be a list of actions. Those actions will turn the strategy into reality. The actions are the specific projects, initiatives, and programs that we will undertake to ensure the strategy's success. We must be specific because someone will be assigned to complete this. It will be in their work plan, so we need to be clear. We deploy the tactics to support the action within each of the action items. From our example, we will have specific things that we will have to do to expand operations into China. Your people will know the answers. Trust them.

While we assign one person to be the lead on any action, in fact, the work will flow to teams throughout the organization. Clarity is essential as actions move through divisions, local branches and personal performance contracts. It is now personal, so a relentless focus on clarity of purpose is required. Each person should be able to link their performance contract to the actions they are working on, the strategy it supports and the desired outcome that will be achieved. Even ongoing operations can be linked to demonstrate support for our desired future state.

There may be many actions to support a strategy. Each of those must have a project plan, timelines and measures of success. All of this needs to be in performance contracts for the individuals involved.

Updating your Strategies

We are often asked how often strategies should be updated. The answer is whenever it makes sense to update them. That may be weekly, monthly or quarterly. Do not wait for annual updates. Your strategic plan is a living record. It should be the focus of the board and management. **At every meeting, review of the strategies and actions.**

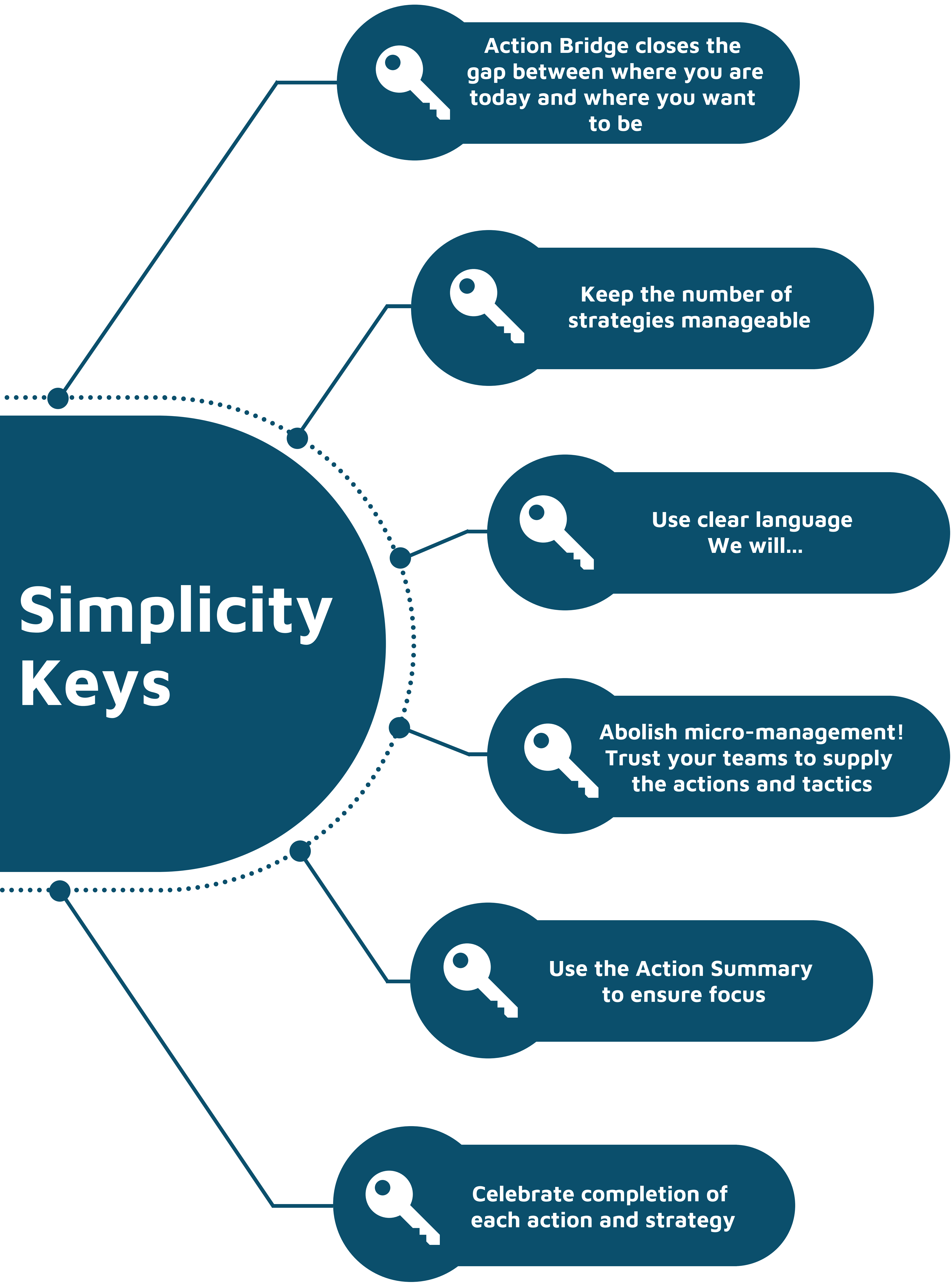
By updating the record and communicating it regularly, people can see progress. Individuals can be recognized for the completion of projects. Remember to celebrate those successes. Each step is getting us closer to the fulfilment of the strategy and, ultimately, our desired future state.

Timing the updates of the strategies and actions will become obvious as you move along. If all actions have been successfully completed, a strategy may be done – a major celebration! That strategy can be checked off or adjusted to set the bar higher.

All strategies and actions must be in one easy-to-find place. We recommend the Action Summary. Each strategy is stated, along with the list of all actions to support that strategy. Each action will identify the person assigned to lead it, the timeline and a place for a status update.

Your strategic plan and the action summary are living records. They should be updated regularly and communicated to all stakeholders. This is an opportunity for continuous communication of your priorities and your progress to the desired outcomes. Use the records to ensure a strategic focus on what is important. By continually updating, you also demonstrate the operational flexibility required for successful strategic execution.

You will not get every strategy and action right the first time. Being willing to maintain a strategic focus on the outcomes you want and the necessary operational flexibility to adjust quickly, you dramatically improve your execution success.


Simplicity Keys
Action Bridge closes the gap between where you are today and where you want to be
Keep the number of strategies manageable
Use clear language We will...
Abolish micro-management! Trust your teams to supply the actions and tactics
Use the Action Summary to ensure focus
Celebrate completion of each action and strategy

Execution

Chapter 15: Successful Plan Execution

> Management is the efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.
>
> - Stephen R. Covey

You have a plan.

That was the easy part. We know that 75% of strategic plans fail. All of those failed plans had brilliant words on paper. **All of the failed plans occured at the execution stage.** The organization failed to take the necessary steps to implement the great ideas they came up with.

In this section, we will cover the obstacles you will face as you turn those great ideas into actions that get you the results you are looking for. We will also show you proven techniques to overcome those obstacles and improve your chances of success.

You will note that we use the words execution and implementation interchangeably. Use the words in the way they are most meaningful to your organization.

The strategic plan is implemented through operational plans, annual plans, tactical plans, performance contracts, rewards and budgets.

The key pieces for successful strategic plan implementation are:

- Simple, clear strategies and actions
- Individual accountabilities for the delivery of each action
- Clear, realistic timelines for delivery
- Regular check-ins on the status of each action project

We need to bring those key pieces to life: **Plan, People, Focus, Accountability and Resources**. If any one of these pieces is missing, your plan will fail. This section will pull all of these pieces together.

Throughout the book, we have stressed the need for full commitment from the organization's leadership. It is easy to give that commitment during the planning stage. That commitment will be tested when implementing the plan, and many managers will go into hiding. A new plan will mean change. Change is hard. Everyone supports change until it affects them.

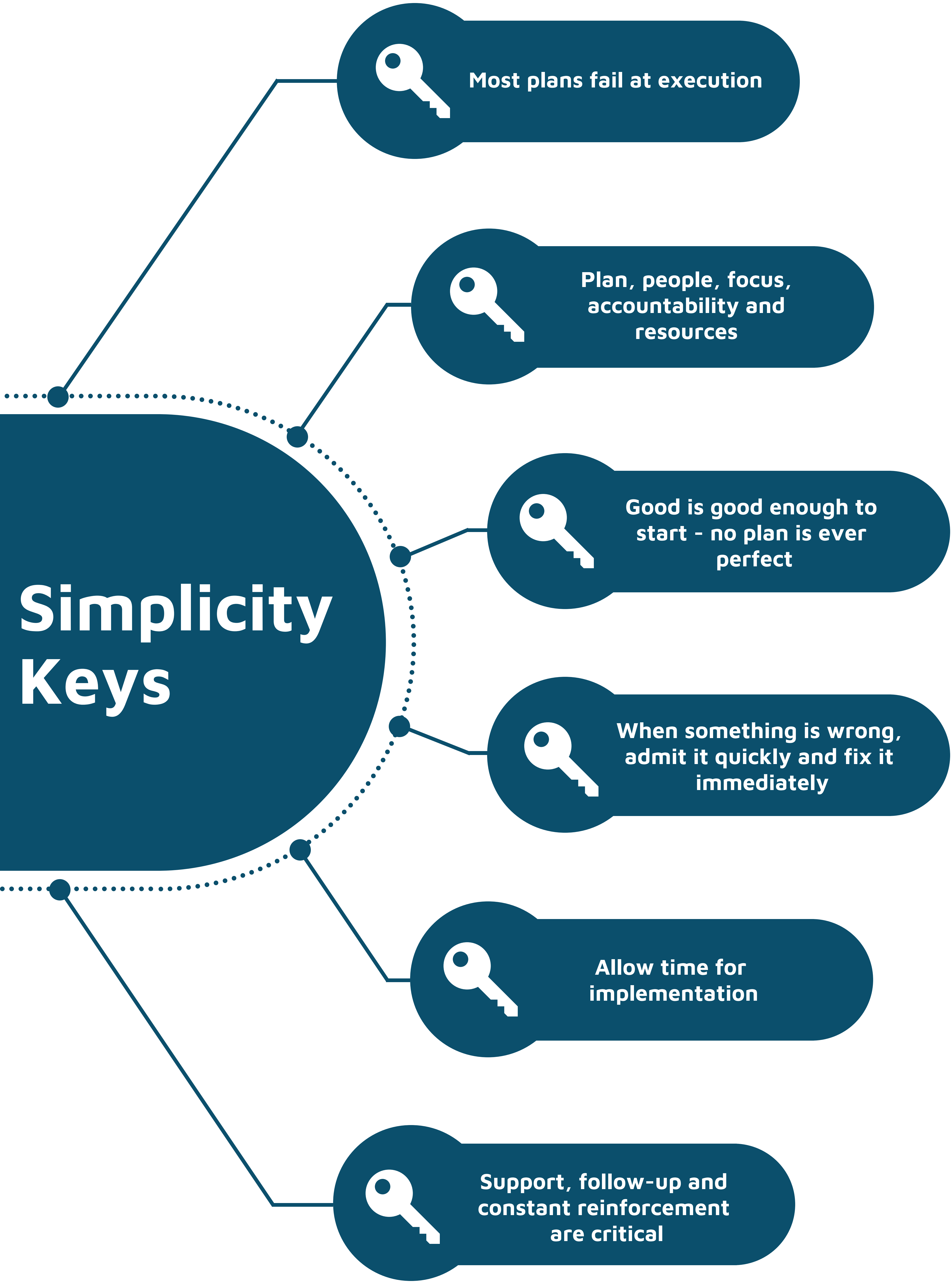
As a manager, you have budgets, teams, programs and egos tied up in your part of the operation. The commitment to implement must start at the top and be supported throughout the organization, without exception. The slightest backtracking by anyone will send the signal that this process is not serious and we can wait it out. Be prepared to be relentless in execution.

You must have a plan that you are confident in. It will never be perfect; in most cases, a good plan is good enough to get started. The plan is a living record which can and will be adjusted as you move forward. The execution process will bring all of the plan's flaws to light. What looks great on paper will get a reality check when someone is tasked with implementing a piece of it. If a strategy or action is wrong, admit it quickly and fix it immediately. This is not the time to dig in on something that everyone knows is wrong. People will need support and the flexibility to deliver their individual initiatives.

If you realize the plan is bad, admit it and start over. You cannot fake it. By starting over, we are not suggesting taking months to redo it. The basics you did in your planning process are still valid. Take **one day** and bring the group back together. Start with what is great about the plan, then what is good and what will not work. Commit to getting going on the great and good stuff and fix the pieces you are not confident in. In most cases, you will find that some minor tinkering will give you the confidence in the plan to get going on execution.

This is the most important section in the book. The sections on Plan to Implement, Change, Action Summary, regular updates and getting back on track are the keys to your success. Read and then read them again. Keep the book handy, and return to this section monthly for a refresher. For how long? You will know that answer when you get there. In most organizations and even for your life plan, you will need at least one year of constant reinforcement before your strategic management cycle is working well. Until then, you are in constant danger of going off the track.

Now let's get executing.


Simplicity Keys
Most plans fail at execution
Plan, people, focus, accountability and resources
Good is good enough to start - no plan is ever perfect
When something is wrong, admit it quickly and fix it immediately
Allow time for implementation
Support, follow-up and constant reinforcement are critical

Chapter 16: Plan to Implement

It is vital to turn that strategic plan record into reality. If we do not act on it, it will be a nice document inside a poorly named folder deep in the corporate drive.

For most people, execution is where the excitement is. Many will want to jump to execution without a plan. That is foolhardy and guarantees failure. Build a good plan first and then focus on great execution. This is where you put your battle plan and tactics to ensure your success.

We strongly recommend a Plan to Implement discussion before beginning execution. Leave a little time between the planning retreat and the plan to implement session. By a little time, we mean a month or so. This gives time for participants to reflect on the discussion and ideas. It also gives time for reconnecting with your team and other stakeholders to get their feedback on the draft plan.

This is another opportunity to get the right people in the room and ensure commitment to the execution process. Remember, this is where plans fail, so get it right.

You will recall from the previous chapter that we need: **Plan, People, Accountability, Focus and Resources.** We will build the foundation for those key pieces in the Plan to Implement discussion.

The Plan

Does your plan make sense?

This is code for sober second thoughts. Planning retreats are great for generating excitement and ideas. The space between that crazy new idea and something that can be implemented may be a bridge too far. Now is the time to say so. In practice, we have never had a draft plan coming from a planning retreat that has survived the plan to implement process intact. That is a good thing. We are considering it and getting our heads around implementation. It will never be implemented if we just rubber-stamp the draft record.

We need to look at what is missing. In many cases, organizations will forget their ongoing operations in their desire to look to the future. Do you have strategies to cover today as you move to tomorrow? What feedback did we get from stakeholders? Did some of our ideas with more thought generate even better ideas? Have we clearly stated what we expect to be done in the strategies and actions? Everything is open for challenge and discussion.

The strategies and actions must be precise and clear statements. We will be assigning these tasks to an individual. Will that person understand what we want to be done?

Take a hard look at your vision, mission and core values. Do those poetic words you created still resonate? Did we get some feedback that would make them better?

The Plan to Implement is also the time to get reports from teams working on success measures, scenario planning or other special assignments from the planning retreat. This extra work will greatly enhance the quality of the plan and give the execution process a boost.

People

The plan will only be implemented with people. That may sound obvious, but most organizations fail to involve the right people in the planning and implementation discussions. We encourage organizations to err on the side of involving too many people. That does not mean you need a cast of thousands at your planning retreat or in the Plan to Implement session. Numerous techniques can engage people in your process. Use focus groups before and after events to get input and feedback. Find processes that work for your organization and that people trust. The extra time spent engaging people at the start and throughout the process will pay off when you ask them to implement the new strategies and actions. The time to build support is at the start and every step.

This will also be the first of many discussions on barriers to implementation. Do not skip over this piece by assuming that everyone will jump on board since you have a great plan. That will never happen. Be open about the barriers you face in executing your plan. Those barriers will include budgets, culture, existing structures, existing work plans, stakeholder concerns and lots of egos. Identify those barriers and start developing specific tactics to address them. In this case, we use “tactics” deliberately because the approaches must be specific and action-oriented. We will discuss barriers to execution further in the chapter on change.

Accountability

Without assigning people to implement the action items you have decided on, it is impossible to achieve successful execution. By assigning people, we mean individual people, not positions, committees or teams. There may be a team of people working on a project, but we need to know who the lead person is and that is being held accountable for getting that task done. Accountability is scary.

In many organizations, **keeping your head down and avoiding accountability is part of the culture**. If that is the case in your organization, it must be changed. Accountability, like most things, starts at the top of the organization. The board must hold the CEO accountable for the successful execution of the strategic plan. The CEO will hold direct reports accountable for various parts of the plan and so on throughout the organization.

Accountability brings with it the expectation of support from those holding you accountable. At each level, that support must be real. It starts with clear strategy and action statements and a shared understanding between the person being held accountable and their supervisor of what success looks like. Build these new responsibilities into that person’s performance contract. If their performance is measured on the strategic plan tasks, they have a much better chance of being completed. It means ensuring people have the resources, time and feedback they need to succeed.

People will determine quickly if they are being supported in what they are held accountable for. If it is not real, they will run for the exits, and the plan will fall apart.

In organizations with effective accountability systems, there is a culture of people actively seeking opportunities to lead action items. They know that this is where promotions and future opportunities come from. Completing assignments is a cause for celebration, and everyone enjoys being recognized for their achievements. Make these celebrations a regular part of board and management events.

Remember to tie rewards to the outcomes you want. If people are rewarded for achieving the strategic action items in their performance contracts, they are more motivated to get them done. If you do not adjust their performance contract, they will continue to do what they have always done because that is what they get rewarded for. The old saying, "what gets measured gets done," is true.

A much truer statement is, **"what gets rewarded gets done."**

Focus

It is easy to get distracted. Day-to-day commitments, the latest crisis and your supervisor's ever-changing priorities will consume your time and take you off the strategic action items you are committed to. To be honest, you may not want to do them anyway, so the latest crisis is a welcome relief. This is the reality of implementing a strategic plan. Getting things done requires everyone to be obsessed about completing each item on time.

The focus must start with the leadership of the organization. We strongly recommend that every board meeting and senior management meeting begin with a review of the strategic priorities and an update on progress. This regular review must be cascaded through the organization, so everyone knows the plan is important and we will execute the plan. Regular reviews can be completed quickly and effectively using the Action Summary Update. We will discuss it in an upcoming chapter.

It can also be useful to bring in an outside facilitator for regular updates. The person that helped you build the plan is an obvious choice. An outside person can push the group and ensure that you are not skimming over things that are not being completed. After each review session, the plan will likely look different. Things are getting done, and new actions are being added. The review is an active engagement and building event. The review is an ideal time to identify and celebrate the individuals that have successfully completed assignments.

Resources

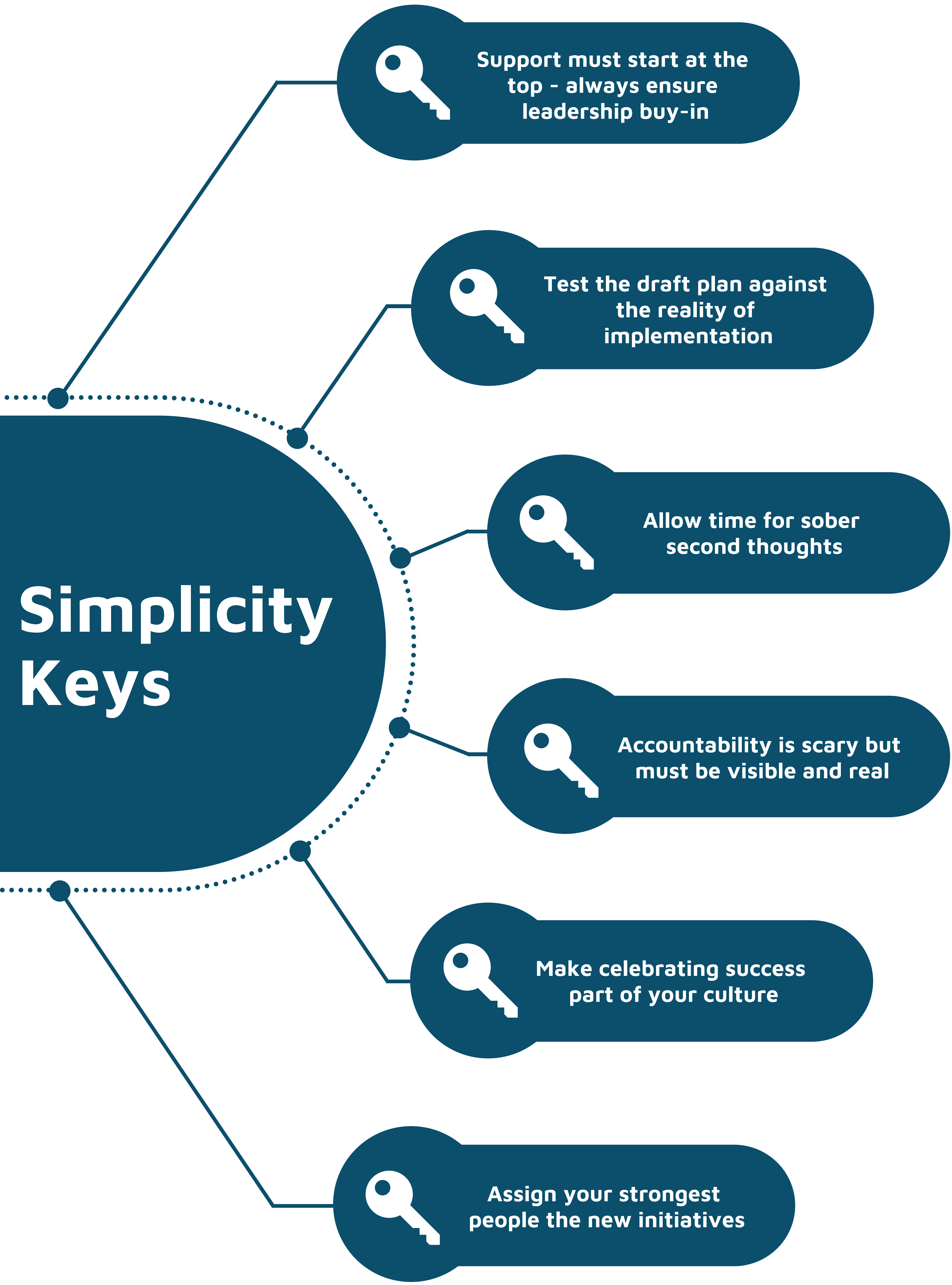
The final piece of the implementation puzzle is resources. Without the necessary resources to accomplish the assigned strategic plan tasks, the person responsible is set up for failure. **Nothing will destroy a leader's credibility quicker** than making a big deal of a new strategic direction or initiative and not giving it the resources to succeed. Everyone will know immediately if the initiative is real or just another management smoke screen. Life will be sucked out of the people involved and, in most cases, will not be launched.

By resources, we mean real dollars; people are assigned to the tasks and not off the corner of their desks; and open, public support from the organization's leadership. This will require some adjustments in budgets. Unless you find new funding, someone must give up some budget. That is never easy, and you can expect resistance. If it was important enough to make it into your strategic plan, it is important enough to fund it properly. There are some things in every organization that you can stop doing and use the resources for more important opportunities. This is where senior management can take the lead in finding that hidden treasure that managers are so good at burying. Making those adjustments strongly conveys that you are serious about implementing these new initiatives.

Assign up-and-coming individuals and your strongest team members to the new strategic initiatives. Again, this sends a clear message of the initiative's importance to the organization. Many organizations will assign a new initiative to someone clearly out of favour with senior management. Everyone immediately knows its importance, and that person will get zero support. As a leader, everyone is watching you all the time. Make sure you are sending the right messages.

The strategic plan has set out the most important things for your organization moving forward. These are obvious things to centre your communication plan around. Constant updates and public celebrations of milestones will keep everyone in the organization focused and pushing for the success of their piece of the plan. Senior management must never miss an opportunity to discuss the plan and how it is going.

During the plan-to-implement discussion, it may be necessary to delay some actions by a few months or longer to deal with higher priorities, resource issues or restructuring. Keep the actions in the draft record, so they are not lost. Good ideas will always find their time to be successfully implemented.


Simplicity Keys
Support must start at the top - always ensure leadership buy-in
Test the draft plan against the reality of implementation
Allow time for sober second thoughts
Accountability is scary but must be visible and real
Make celebrating success part of your culture
Assign your strongest people the new initiatives

Chapter 17: Change

Organizations do not change. People change
- Brian J. Rhiness

Much of the discussion in the Plan to Implement was about change. Any strategic plan will involve change for the organization. Small changes or major realignments may shake the organization to the core. Managing change is the single highest hurdle any organization will face and is the number one reason that strategic plans and organizations fail.

No one likes change

We've all encountered people who claim to embrace change, but when it affects them, they may become resistant. It's essential to keep in mind that change can be personal, and we must understand this to implement a strategic plan successfully.

While some may believe that they can change an organization with great ideas or a strong will, it's the people within the organization who have the power to change. However, they need a good reason to change, and they'll always ask, **"what's in it for me?"** If the answer doesn't outweigh the status quo, people will resist change, as even minor changes can affect their careers, work unit, salary, or reputation, and egos are at stake.

Recognizing the need to plan for change from the start of your planning process is critical. We've covered many steps that can help you guide others through this change. Remember to keep people at the forefront, involve them from the beginning, and seek their input. It's crucial to avoid the D.A.D approach of "Decide, Announce, Defend" as it often leads to failure. Instead, we must take the time to engage with stakeholders and allow them to be heard. By doing so, we increase the chances of getting their support, even if they are initially skeptical.

So why won't people just accept your great plan? Well, change can be challenging, but with the right approach, it's possible to bring people on board and make the necessary changes successfully.

The Iceberg

Imagine your strategic plan is a ship sailing towards its destination. It's easy to focus on the smooth sailing above the waterline, but there's danger lurking below - the iceberg. The iceberg represents the resistance to change that exists within your organization. It's the fear of the unknown, the comfort of the status quo, and the reluctance to let go of familiar structures.

But fear not, captain! There are many successful ships that have navigated these icy waters and reached their destination safely. The key is to anticipate the iceberg and prepare accordingly.

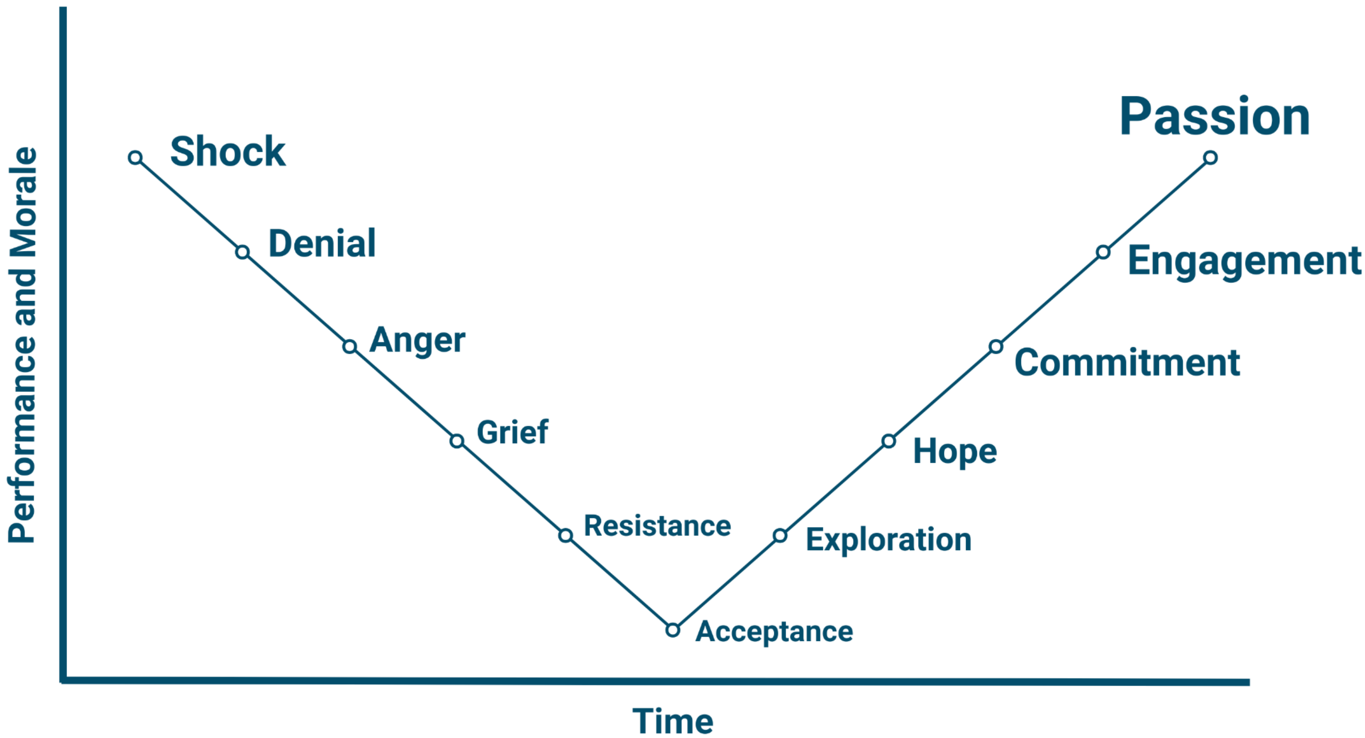
In our book, we have provided you with a map and a compass to guide you through these treacherous waters. Each chapter offers insights on how to navigate the iceberg, from stakeholder engagement to execution planning. It's important to take each step deliberately and with awareness of the potential obstacles ahead.

Remember, the iceberg is not your enemy, but a natural part of the landscape. By acknowledging its existence and preparing accordingly, you can navigate your ship through these waters with confidence and reach your destination successfully. And who knows, you might even discover new opportunities along the way.

Why do people act this way?

When faced with any change or crisis in our lives, **we react predictably.** Our reactions follow a pattern summarized in research by Elisabeth Kubler-Ross in the late 1960s. She identified the five stages of grief as denial, anger, bargaining, depression and acceptance. This predictable reaction can be applied to anything that confronts us in life. We face health issues, relationships end, and friends and family pass away. All of these stresses in life cause us to react. That reaction goes through a series of predictable phases that form a curve. A good friend, the late Stephen Haines from the Haines Centre for Strategic Management, compared that curve to a rollercoaster. It is because we can go down, up, and even backwards on the same issue. The curve can repeat itself. Unlike a rollercoaster, when you go down one side, you do not necessarily go up the other side. The challenge for anyone introducing change is to create the right environment to help people recognize that they will go down one side and that there is something to look forward to as they go up the other side of the curve. Turn it into a predictable and safe ride.

We have tried to simplify the curve.

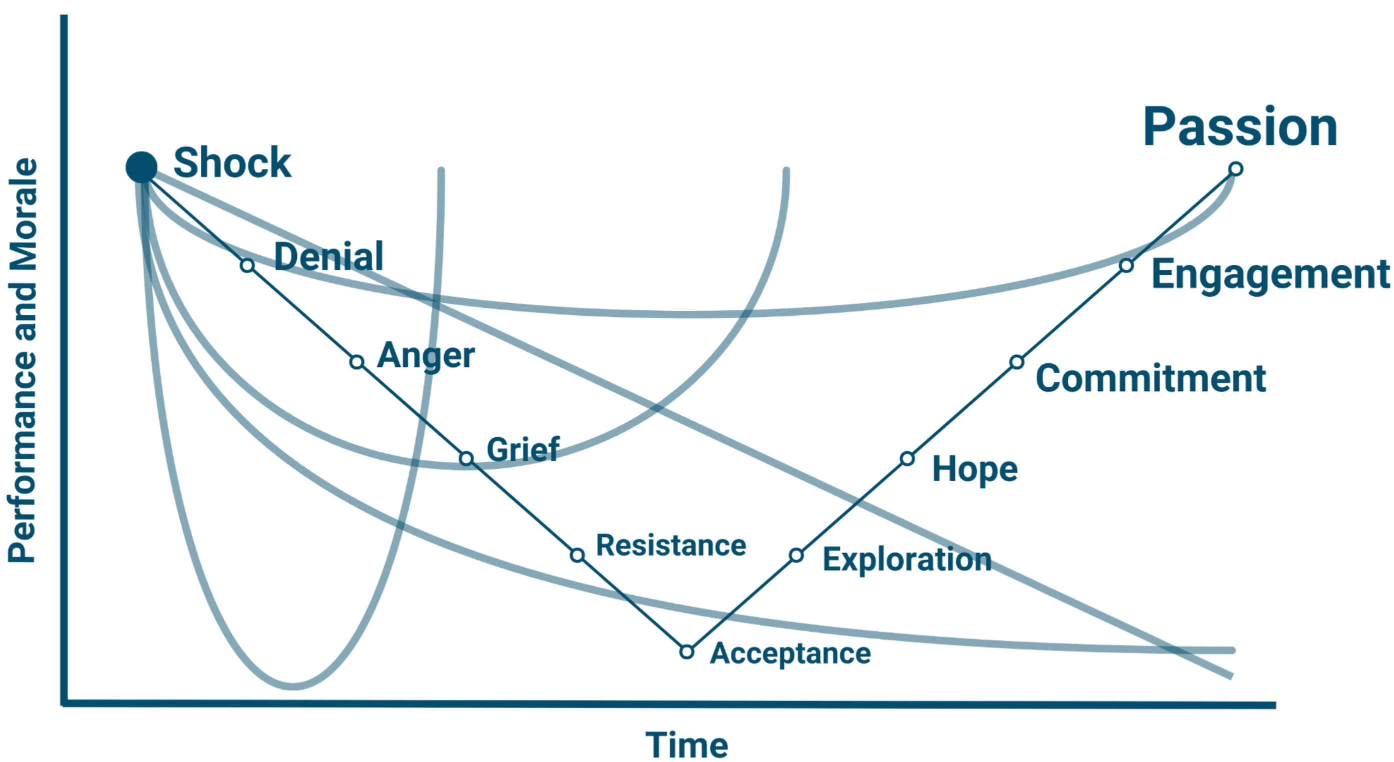


As the graphic illustrates, the first thing people experience when facing change in their life or work is a shock. They then move through denial, anger, grief and resistance. We have all experienced these feelings, and they are real. As we go through these phases, our performance and morale drop dramatically.

Most people, after maybe being stuck at the bottom for a short while, will move to acceptance (it is not as bad as we thought), exploration (what does this mean for me?), hope (this could be better) and on to commitment, engagement and passion for the new direction.

Every organization has early adopters, those that follow the lead, skeptics and cynics. Each of these personality types will go through the cycle differently. The manager's role is to recognize each individual and how they react and provide support that matches the person. This is similar to helping someone through a personal crisis. Provide support that meets the needs of that individual.

- The **early adopters** will jump on the new ideas and be committed, engaged and passionate before you know it. Harness their enthusiasm to assist others in understanding and moving forward.
- The **followers** will quickly grasp what the change means and start accepting and exploring. Be ready to answer lots of questions and communicate constantly. Since they will make up most of the people affected, you must commit serious time and energy to them.
- The **skeptics** will take a little longer going through the bottom of the curve. Some may even get stuck there for a while. They will need more convincing and will ask much tougher questions. As we have often said, they are your best friends, so listen to them. They will uncover problems and flaws in your plans that you missed. Show everyone that you are listening by being open to comments and suggestions.
- Finally, you have the **cynics**. They think this is all bad, and nothing you say or do will convince them otherwise. Some cynics will eventually come on side but will never move much past acceptance. We have all worked with cynics who suck the life out of organizations. For those stuck at the bottom of the curve and refusing to move up the other side, it is time to discuss their future with the organization.



These are the predictable reactions when you roll out your new strategic plan. Each person will view it differently and set out their change curve response. Remember, this is not the organization's response. There will be a curve for each person in the organization. The organization may feel the effects of these curves through decreased productivity, increased sick leave and a drop in sales.
In many cases, you can feel the morale plummeting. If you have not planned for the rollout of the new strategic plan and the change it brings, the entire organization can get stuck at the bottom of the curve and bounce back and forth between resistance and acceptance. That can be a fatal place for any organization. We all know of organizations that have failed as a result.

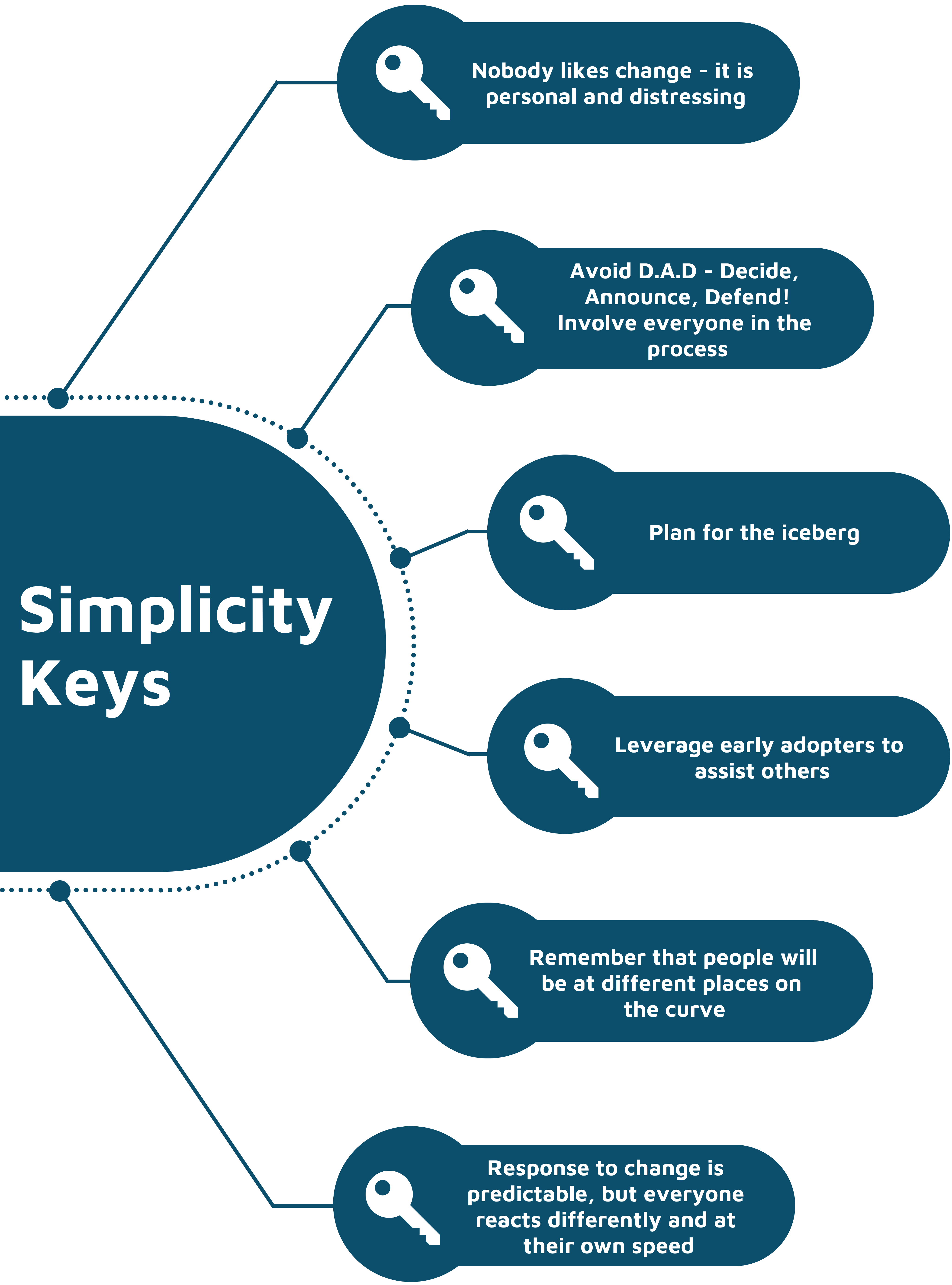
The graph above might be what is happening in your organization.

Everyone will be on their curve with different timelines, trajectories and potential endpoints. Multiply the number of people in your organization by the number of possibilities, and you see what is really going on. To add to the complications, each individual may be on more than one curve at a time. They not only have changes at work but may face challenges in their personal lives. They will be at different places on each of those curves, affecting how they react to the new strategic plan. That person that is normally an early adopter and you were expecting to help others through the process is suddenly a cynic. They face multiple curves and are overwhelmed with all the changes confronting them. As leaders, **we must be aware of these realities and provide the extra understanding**, and support people need.

It is common for senior management to struggle with understanding why people "just don't get this." This is particularly evident in our D.A.D. events. Senior management may have spent months discussing the future and how to get there and have thought through all possible strategies to move forward. Once they have decided, it is time to tell the world. They have gone through the curve and have come up the other side to engagement and passion. They fail to recognize that the rest of the organization and stakeholders are just hearing this and are starting down through shock and denial.

Involving all stakeholders in the conversation as early as possible will help most people get through the change cycle quickly and successfully. Remember that real change takes time. The greater the change needed, the longer the time. It may take years to implement the desired changes fully. The continued focus by senior management on where the organization and individuals are is vital.

Go back to the Plan to Plan chapter and consider ways to bring stakeholders into the conversation right at the start.


Simplicity Keys
Nobody likes change - it is personal and distressing
Avoid D.A.D - Decide, Announce, Defend! Involve everyone in the process
Plan for the iceberg
Leverage early adopters to assist others
Remember that people will be at different places on the curve
Response to change is predictable, but everyone reacts differently and at their own speed

Chapter 18: Action Summary

I never worry about action, but only inaction.
- Winston Churchill

A strategic plan sitting on the shelf wastes time and money. It sucks the life out of people and organizations. **Inaction on strategic priorities is the beginning of the end for any organization.** Those skeptics that did not believe you were serious about changing things have been proven right. Good luck getting them on side in the future. The iceberg has claimed another victim.

The alternative is senior management focused on the plan, supporting individuals and their initiatives and celebrating the successes. How do we keep senior managers focused when they are so easily distracted? With one simple, clear record, they can see exactly what is happening with all of the strategic priorities at a glance.

Record all strategies and actions in an Action Summary record. This living record will keep all stakeholders in constant contact with their strategic priorities.

The Action Summary record ties together all the pieces we discussed in the previous chapters that you will need to keep the organization focused on strategic priorities.

It includes.

- The vision, mission and core values
- The strategies and actions from the plan in clear, concise wording
- The people assigned and are held accountable for getting each action done
- The timelines to achieve each action
- A status update to ensure things are getting done

You will know quickly by reviewing this record if the actions have the focus and are getting the support they need. If deadlines are being missed, start asking questions. Do the people that have been assigned the action items have all of the resources they need? Are they getting the support they need?

We use a simple dashboard with all of the key information needed for successful implementation included.

With a quick glance.

With a quick glance, we can see all of our strategy statements, the actions we are undertaking, who is accountable, the timelines and a status update. The status update can be as simple as icons to indicate: On Time, Ahead of Schedule, Behind Schedule or Completed. You can also include a few words to indicate what is happening with that project or initiative.

We recommend that every board meeting and senior executive team meeting start with a review of this record. If these are your most important strategic priorities, what is more important to discuss? This helps everyone stay focussed on what is important. It also allows everyone to celebrate the successful completion of actions and reward those responsible. If there are problems, immediate steps can be taken to get things back on track.

The Action Summary is the record we use in the regular update sessions with clients. It is the foundation of our implementation support guarantee.

As a living record, the Action Summary will constantly be revised. As actions get completed, new actions and next steps must be incorporated. It will be easy for the Board and management to track progress as revisions happen.

Remember in strategic management that having a plan is only the first step. We must ensure that budgets, work plans, performance contracts, structures, and culture are adjusted to meet our strategic priorities.

Simple, clear actions and constant focus by everyone in the organization will give you the desired results. Vision without action is a dream.

Simplicity Keys

- Ensure the Action Summary is updated frequently
- A good Action Summary allows leadership to see where things are and ask the right questions
- Start every leadership meeting with a review of the Action Summary
- Respond immediately when things go off-track
- Celebrate every success and milestone

Chapter 19: Regular Updates

> Coming together is a beginning, staying together is progress, and working together is success.
>
> \- Henry Ford

Your strategic plan and the Action Summary are living documents, and just like living things, they need to be fed regularly to keep them alive. They are fed with regular attention. By regular, we recommend quarterly updates by the board and senior management. If the organization is in significant difficulties, the updates should be more often, even weekly, if things are critical.

This commitment to regular reviews and updates ensures that the strategic plan is implemented and that the organization follows the strategic management process. Do the strategies and actions have the resources they require? Have budgets been revised? Do performance contracts reflect new responsibilities? Do work unit operating plans support the corporate strategic plan? Tough questions from the board and senior management will keep things on track.

In the early life of the strategic plan, the quarterly review and update may take a full day. This is time well spent. What is more important to the organization than the strategic priorities that the board and senior management have agreed on? The deeper the understanding is of each initiative and what is happening, the greater their chances of success.

It also provides an excellent opportunity to celebrate the early wins in the strategic plan and demonstrate to the organization that this is real. Each update is an opportunity to communicate what is happening, the successes, the ongoing challenges and the commitment to change. Make the updates well-publicized events.

So, you've got your fancy strategic plan all mapped out? Well, don't get too comfy because it's not going to update itself! That's why we suggest bringing in the outside facilitator to lead the charge.

This isn't some "fill in the blanks exercise." We're talking serious business here. And who better to push you to the next level than someone who's not emotionally attached to the plan?

The facilitator should stick around until you're making real progress and having those tough, productive conversations that lead to actual changes. Don't settle for just spraying on some perfume and calling it execution. You and the facilitator should be pushing each other to reach new heights, like climbing Mount Everest or winning a hot dog eating contest.

Each update should be a real stress test for the strategic plan. They can be treated as a mini strategic planning session. There needs to be a quick environmental scan done by senior management.

Changes happen quickly. In all likelihood, things are changing daily in your industry. How are those changes affecting your strategic plan? If a strategy is wrong, admit it quickly and fix it immediately.

Stress test the plan with questions such as:

- Is the plan working?
- Is each strategy working?
- Are they still the right strategies?
- Are we getting the results we expected?
- What needs to be adjusted or stopped?
- What is missing?
- What has changed in our world?

The first couple of update sessions will be uncomfortable for participants. Tough questions and the associated accountabilities make for long days. Experience has shown us that after that initial discomfort, people begin to see the value in these sessions. They begin to look forward to them as a place to gain support for their initiatives and to support their colleagues.

These quickly turn into powerful team-building events. A bonus for team members is that success in completing your initiatives gets you noticed by the board and senior management, which is the path to that next promotion.

Announce the update sessions date and communicate the results of the sessions immediately afterward. This will reinforce that the process is continuing and everyone is committed to it. Communicating the initiative's successes will boost confidence in the plan and the movement forward to your desired future state.

The secret to great execution is strategic focus and operational flexibility. This is where you can put that to the test. Can we stay focused on where we want to be and our Future State and be nimble enough to adjust to whatever gets in our way of achieving it? You cannot have a strategic focus and operational flexibility without regular updates. Looking at your plan once a year or whenever you think of it will make it stale and out-of-date. It will die from a lack of regular feeding.

Simplicity Keys

- Announce update sessions and build communication around regular updates
- Use your outside facilitator and demand rigorous reviews
- Make an Environmental scan update part of every session
- Stress Test your plan - if a strategy isn't working, admit it and fix it
- Remember to emphasize strategic focus and operational flexibility

Chapter 20: Getting back on track

Strategy is good until you get the first punch in the face.
- Mike Tyson

Every strategic plan will hit bumps on the road to success. Expect them and plan for them. Use those bumps to re-energize the organization and as another opportunity to communicate your vision, mission, core values and strategic priorities.

This is where the board and senior management need to step up. The CEO is ultimately responsible for implementing the strategic plan, a critical leadership point for that individual. All stakeholders are watching, and the reaction from the CEO will send an immediate and powerful message to everyone.

Be honest and admit when you are off track.

Remember the iceberg. Despite the nice new shiny strategic plan, people want to stay in the comfort of existing structures and culture. They want business as usual. If the CEO and senior management do not push, the organization will continue as if the new plan does not exist.

The CEO and senior management are responsible for ensuring that the plan moves into the strategic management cycle. They must ask themselves some difficult questions:

- Have you held regular plan update sessions?
- Do stakeholders understand where you are going?
- Where is the majority of the team on the change curve?
- Have individual work units in the organization adjusted their operating plans to support the new plan?
- Have budgets been adjusted to give the strategic priorities the resources they need?
- Have performance contracts been updated so that individuals are clear on their expected results and what they are being measured on?
- Have organizational structures been adjusted to support the new direction you are taking?
- Are people being rewarded for the new expectations?
- Do you have the commitment and support from the board and CEO?

Honest answers will tell you if you are off track and how far. Finding the answers may require some effort. You will have to ask people in the organization where they are at and listen to what they are saying. You can't expect passionate commitment to their new tasks if they are still in denial.

If you have not updated their performance contracts and allowed them to stop doing some things, do not expect them to change their daily routines. They know what they will be measured against, which is already on paper. Your actions will always speak louder than your words. The new strategic plan is only a bunch of words until you implement them. Remember that as a senior manager, you are always being watched.

Beware of false crisis

A common excuse for parking the strategic plan is a crisis. This excuse is used so often that it's laughable. Many organizations fail or at least fail to meet their full potential because of this lame excuse. This is a not-so-subtle attempt to do business as usual and forget about that new plan. The iceberg strikes again. Every organization faces crises, large or small, constantly. It is a reality. Get over it.

A "crisis" is a perfect opportunity to reinforce the existence and value of the strategic plan. This is the perfect time for the CEO to step up. Hold a special planning meeting to update the strategic plan with the response to the crisis. Assign people accordingly and set aggressive deadlines to resolve the crisis. Stress that all other initiatives in the plan are still on track and communicate the update to all stakeholders. The culture is starting to change.

Being off track can be the perfect excuse to re-energize the strategic plan and the organization. Reboot the plan with new communication. Celebrate the things that are on track and the people that have been successful with their initiatives.

Announce formal update sessions and the dates so that people know when things are happening and will anticipate further good news stories. Build trust with all stakeholders that you are back on track and will stay there.

Simplicity Keys

- Every plan will go off-track
  Prepare for it!
- Review the tough questions list
- Make sure your plan has been incorporated into the strategic management cycle
- Remember you are being watched by all stakeholders
- Don't let a crisis become the cause to delay or abandon the plan

Chapter 21: Scenario Planning

> Planning is bringing the future into the present so that you can do something about it now.
> - Alan Lakein

Planning for the future is just like packing for a trip. You gotta think about where you're headed, what the weather will be like, and what kind of fun you'll have, so you can bring all the right stuff. And scenario planning is the ultimate way to do just that!

By considering different scenarios, businesses **can get ready for anything**, like a superhero with a utility belt full of gadgets. And just like Batman, you'll be prepared for any challenge that comes your way. No more running around like a headless chicken, trying to keep up with the unexpected.

Now, bad scenario planning is like trying to make a Waldorf salad with a hammer. It's just not gonna work, and you'll end up with a mess on your hands. And nobody wants a salad that looks like it was made by a caveman, am I right?

So, **don't be caught off guard.** If you don't have a scenario plan in place, you'll be vulnerable to all kinds of external factors, like a piñata waiting to be smashed. But with a solid plan, you'll be flexible, adaptable, and ready to take on anything.

Starting in 2022, supply chain disruptions were like a game of Jenga. Each block, representing a key component in the global supply chain, was pulled out one by one, causing the entire tower to wobble and ultimately collapse. The pandemic-related labour changes, transportation bottlenecks, raw material shortages and shipping delays all contributed to the instability, making it increasingly difficult to maintain the delicate balance required to keep the system running smoothly.

As a result, everyone experienced shortages of goods ranging from toilet paper to computer chips, and businesses struggled to keep their shelves stocked and production lines running. The fallout from the disruptions was felt across the globe, highlighting the interconnectedness of our modern economy and the importance of robust contingency planning.

Suppose you don't have a scenario plan for supply chain disruptions. In the event of a disruption, you will struggle to adapt to unexpected events, resulting in lost revenue, delays in production, and customer dissatisfaction. On the other hand, those with a scenario plan can develop contingency plans to mitigate risks and proactively take advantage of opportunities, such as diversifying suppliers or implementing more robust logistics systems.

Remember **Kodak**? They were like the Beyoncé of the photography industry, always on top and killing it. But then the digital photography revolution hit them like a ton of bricks, and they were left scratching their heads like a confused tourist.

They were like a grandparent trying to use a smartphone for the first time, while Sony and Canon were out there with the latest and greatest digital cameras. Kodak should have seen the writing on the wall and started embracing digital photography, but instead, they were too busy developing new types of film that nobody wanted.

And when they finally realized their mistake, it was like trying to put toothpaste back in the tube. It was too late, and they were left with a bunch of outdated technology and a dwindling market share.

How about **Blockbuster**. That giant video rental store that used to be on every corner, like a Starbucks with VHS tapes? Yeah, they were pretty big back in the day. But they made one fatal mistake: they didn't plan for the future.

They were like a caveman trying to light a fire with a stick, while Netflix was out there with a flamethrower. They should have seen the writing on the wall and started streaming online, but instead, they were too busy stocking their shelves with copies of Titanic.

And when they finally realized their mistake, it was like trying to put a Band-Aid on a broken leg. It was too little, too late, and they were left with a pile of DVDs and a mountain of debt.

So, what's the moral of the story? Always have a scenario plan in place! Otherwise, you might end up like Blockbuster, a relic of a bygone era, only remembered by nostalgic millennials and confused Gen Zers.

Sears was once the leading retailer in the United States, with a dominant market position in the retail industry. However, they could have anticipated and adapted to changes in social and demographic factors, such as the rise of e-commerce and changing consumer preferences.

As more consumers began shopping online, Sears struggled to keep up with competitors like Amazon and Walmart. Additionally, Sears did not adequately address changes in consumer preferences, such as a desire for more personalized experiences and a focus on sustainability.

As a result, Sears struggled to remain relevant and ultimately filed for bankruptcy in 2018. This is yet another example of the importance of scenario planning in businesses, as failure to anticipate and prepare for changes in social and demographic factors can result in missed opportunities and ultimately lead to bankruptcy.

In the 1970s, **Royal Dutch Shell** was one of the first companies to implement scenario planning as a strategic tool. At that time, the company faced multiple challenges, including the possibility of a global oil crisis, geopolitical instability, and changing consumer preferences for renewable energy.

Shell was able to anticipate and prepare for potential challenges by developing contingency plans for each possible scenario. For example, they developed plans to diversify their product portfolio beyond oil and gas, invest in renewable energy sources, and expand into emerging markets.

Shell was able to weather the 1973 oil crisis and subsequent market disruptions while successfully transitioning their business to a more diversified portfolio of energy products. Today, Shell remains one of the largest energy companies in the world and continues to use scenario planning as a key tool in their strategic decision-making process.

Once upon a time, in the magical world of entertainment, **Disney** faced some tough challenges. Attendance at their theme parks was dwindling, and competitors were popping up like dandelions in spring. To make matters worse, consumers were craving new and exciting experiences, leaving Disney's classic offerings feeling a bit stale.

But fear not, for Disney was no ordinary kingdom. They knew the power of scenario planning, and with a wave of their wand, they conjured up several strategic initiatives to face these challenges head-on. They built new and exciting attractions at their parks, drawing in visitors from far and wide. They even expanded their reach to emerging markets like China, making sure Mickey and friends could reach new audiences around the globe.

But Disney wasn't satisfied with just that. Oh no, they were determined to keep the magic alive. They looked to the stars and acquired other entertainment companies like Pixar and Marvel, bringing even more beloved characters under their magical umbrella.

Thanks to their savvy use of scenario planning, Disney remained a shining star in the entertainment world, and they continue to use this powerful tool to stay ahead of the curve. So, the next time you're singing "Hakuna Matata" at one of their theme parks, know that it's all thanks to the power of scenario planning.

Scenario planning prepares for the future, allows you to be more adaptable and flexible, and make informed decisions.

Most organizations recognize the need for crisis plans. These plans are built to respond to natural disasters, terrorism, major team disruptions, technological breakdowns, pandemics or financial instability. Despite these being basic crisis plans, the daily news carries stories of organizations that have not been prepared. Sometimes, they had a crisis plan on paper, but it was on a shelf and useless when needed.

When a crisis hits, you do not want to start considering options. An immediate, well-thought-out response before you need it can save your company.

Having a crisis response is not enough and is not the purpose of this article. The purpose is to make scenario planning part of your strategic plan.

Every organization needs a strategic plan. If you are trying to get by without one, you will simply not be successful and fall victim to the inevitable surprises every organization encounters.

In all the above cases of failure, the companies suffered from the common phenomenon of believing in their invincibility and the arrogance that accompanies it. Success can make you blind to your weaknesses.

The world will quickly remind you if you do not stay humble as an organization and leader.

A financial crisis humbles many an infallible manager.

We can't plan for everything.

Accidents happen. Indeed, we can't plan for everything. We are not good at predicting unlikely events. Check out The Black Swan by Nassim Nicholas Taleb for an excellent book. A better approach is to focus on the consequences of any extreme events. This approach allows for developing strategies to withstand or avoid any impacts.

Adding a rigorous scenario planning process to your strategic planning ensures you know and understand as many potential outcomes as possible.

The most critical question in your strategic planning, scenario planning and day-to-day operations must be: **"What if?"**

Remember that the Board and senior management must lead these processes. If they are not engaged in asking the tough questions, do not expect anyone else in the organization to do it.

Think of "what if" scenarios as your own personal choose your own adventure book. Instead of being bound to one outcome, you get to explore all the possibilities, no matter how wild or ridiculous they may seem.

For instance, what if you woke up tomorrow with the ability to fly? Would you become a superhero, fighting crime and saving lives? Or would you just use your powers to skip traffic and get to work faster?

Or, what if you could travel back in time and give yourself advice? Would you tell your younger self to invest in Apple stock, or would you warn them not to get that regrettable tattoo?

And let's not forget the classic "what if" scenario: What if you won the lottery? Would you quit your job and travel the world, or would you use the money to start your own llama farm?

The possibilities are endless, and the best part is, you don't have to actually make any decisions or face any consequences. It's all just fun and games.

So, the next time you're facing a tough decision or just looking for some creative inspiration, why not indulge in a little "what if" scenario? Who knows, you might just stumble upon your next big idea or realize that flying around in a cape is actually pretty fun after all.

Many articles and case studies have been written about the BP disaster in the Gulf of Mexico. The bottom line in most reviews is that they dropped the ball on several decision points. A simple “What if?” would have helped in each of those cases. For example: “What if?” our efforts to cut costs on a drilling rig leads to a leak? What would be the impact? These basic questions likely were never asked. If they were considered, and if the answer was, “it is a risk we are willing to take.” That leads to another set of serious legal and ethical questions that will be asked.

Safety violations and other technical concerns were well known from reports on the spill but not to senior management. If true, this would be an extreme example of senior management not wanting to know and not asking key questions. The result was a choice between short-term cost savings and the organization's health.

We don’t need negative scenarios.

Optimism is important and must be the foundation of any strategic plan. This article advocates a balance between optimism, realism and pessimism. Most organizations (and individuals) fear discussing what can go wrong because they fear appearing negative. If your company is announcing a major merger, it is not wise to suggest publicly that the synergies expected are unlikely to work out. In fact, in more than 75% of mergers, the synergies do not work out as expected. Before making the announcement, a great “What if?” would be: What if we do not get the estimated 25% synergy saving as expected? Does the merger still make sense? If the answer is yes, then go for it.

> In scenario planning, optimism is great – but it is even better if combined with a splash of realism and a dash of pessimism.
> - Brian J. Rhiness

The law of expected surprises.

A common trap for managers is the belief they can rely on managing their way through any unforeseen problems. They may get through it, but at what cost to the organization? They may also face multiple surprises simultaneously, which compounds the problem. Recent examples show that the firm may survive, but responsible managers do not. Most managers will claim they want no surprises but do not create an environment that minimizes surprises.

A robust scenario planning process implemented with strategic planning will greatly reduce the number of unforeseen problems. We want only **expected surprises**. We acknowledge these events can happen and can answer what we are doing throughout the organization to ensure they do not happen.

As a car manufacturer, you can expect that you will have recalls. What are you doing at every level of the organization to ensure it will not happen or minimize the impact? It needs to become a **cultural response.** Implement the **law of expected surprises** in your organization.

If you are pumping oil from deep in the ocean, an expected surprise would be a leak. Had BP senior management considered a worst-case scenario – an unstoppable leak – they may not have chosen the cheapest route as the course of action. They also would have had a crisis response that focused on such things as quickly stopping the leak, rapid clean up and how to effectively respond to the media circus. Why did we need this crisis to start talking about stopping such a leak and cleaning it up? A small amount of critical foresight will reduce a large amount of hindsight.

"What if" we had a gusher?

Watch for signals. BP apparently had hundreds of safety violations, while their competitors had few. That is a big, red flag "What if?" question for the board and senior managers. What if those violations are a sign of bigger culture and management issues?

There are at least a dozen major factory fires in the world every single day. Do you know where your suppliers' supplies come from? How might a fire, tsunami or earthquake affect you?

Implement a law of expected surprises at every level of your organization. Ask the tough questions inside your organization, and avoid doing it in front of the media.

Encourage and embrace skeptics throughout the organization to improve the quality of discussions and decisions. Skeptics are your best friends because they do not get caught up in the "group think" and "go along to get along" diseases that infect many organizations.

You will often need outside help to shift the culture and provide a safe environment for free-flowing discussions to implement the law of expected surprises throughout your organization. This law must be implemented first at the board and senior management team levels. It sends a powerful message to all teams and partner organizations.

Scenario planning in action.

Defining the Scope

Opportunity or Problem?

To identify the scope of a scenario plan, first, define the problem or opportunity the scenario plan intends to address. This will help you focus the analysis on the most relevant factors. Consider the context in which the scenario planning will take place and the factors that will significantly impact the problem or opportunity.

An example problem could be a manufacturing company facing increased competition from low-cost overseas manufacturers. The company is struggling to maintain profitability and market share. The management team is concerned that they may be forced to shut down the company if they don't take action soon.

Hasbro, the American toy company, struggled to compete against low-cost overseas manufacturers. In the early 2000s, Hasbro faced intense competition from Chinese toy manufacturers, who were able to produce toys at significantly lower costs due to cheaper labour and fewer environmental regulations.

Initially, Hasbro attempted to keep up by outsourcing portions of its production to China, but this strategy proved insufficient. The company faced mounting pressure from retailers to lower prices, and consumers were increasingly drawn to cheaper, imported toys.

In response, Hasbro shifted its focus to higher-end, licensed toys such as Star Wars and Marvel characters, board games and collectibles. The company also invested in digital initiatives and partnerships, such as a joint venture with Chinese online retailer Alibaba.

While Hasbro's profits initially suffered, the company's strategic shifts eventually paid off. In recent years, Hasbro has seen increased sales and profits and has successfully navigated the challenges of competing against low-cost overseas manufacturers.

An example opportunity could be a software company considering expanding its product offerings to target a new customer segment. The company wants to understand this expansion's potential risks and rewards and develop a plan to enter the new market successfully.

In the early 2010s, **Microsoft** recognized that the market for personal computers was becoming saturated and that there was a growing demand for mobile devices and cloud computing.

Microsoft conducted extensive scenario planning exercises to address these challenges to anticipate future trends and identify potential opportunities. This process involved analyzing various factors, such as changing consumer behaviour, emerging technologies, and geopolitical developments.

Based on this analysis, Microsoft developed a strategic plan to pivot its focus to cloud computing and mobile devices. This involved several initiatives, such as developing the Azure cloud computing platform, acquiring Nokia's mobile phone business, and introducing the Surface tablet.

Microsoft's efforts paid off, as it diversified its product offerings and expanded into new markets. Today, Microsoft is a leader in cloud computing and mobile devices, and its strategic approach to scenario planning has been recognized as a key factor in its success.

Another example is a sales team that could use scenario planning to identify potential strategies to **address declining sales and increased competition** in their medical device company.

In 2015, **Medtronic** faced declining revenues and increasing competition in the medical device industry. Medtronic conducted scenario planning exercises with its sales department to address these challenges to identify potential opportunities and strategies. They analyzed various factors, such as changing healthcare policies, emerging HealthTech, and competitor actions.

Medtronic developed a strategic plan to increase its focus on value-based healthcare, which involves providing cost-effective solutions with measurable improvements to patient outcomes. Their initiatives included developing devices to reduce overall healthcare costs, partnering with hospitals and accountable care organizations to improve patient care, and expanding into new markets such as emerging economies.

Time Horizon

Next, determine the time horizon for the scenario plan. Time horizon in scenario planning refers to the **time over which scenarios are developed and analyzed**. It represents the period for which the scenarios are intended to be relevant and useful. This will depend on the nature of the problem or opportunity and the degree of uncertainty surrounding the key drivers.

The time horizon of scenario planning can vary depending on the purpose and scope of the analysis. Organizations may develop a scenario for a relatively short period, such as annual **(short-term)**, one to three years **(medium-term)**, or for a longer period, such as five to ten years or even longer **(long-term).**

In general, the time horizon of scenario planning must be **long enough to capture significant changes in the external environment** and to allow the organization to adapt and respond to these changes. However, the time horizon must also be realistic and feasible, considering the level of uncertainty and complexity in the external environment and the resources and capabilities of the organization.

Stakeholders

Finally, consider the stakeholders involved in the scenario planning exercise. Identify who will be involved and their roles in the process. This will help you ensure the scenario plan is comprehensive and considers all relevant stakeholders' perspectives.

A strong example of the importance of including all stakeholders (and arguably over-including stakeholders) is the 2019 **Boeing 737 Max crisis**. Boeing developed a plan to upgrade its 737 aircraft to compete with rival Airbus, but the company failed to adequately involve key stakeholders such as pilots, airlines, and regulators.

This lack of stakeholder engagement led to critical oversights in designing and testing the 737 Max aircraft, most notably the flawed Maneuvering Characteristics Augmentation System (MCAS) software responsible for two fatal crashes in Indonesia and Ethiopia in 2018, and 2019, respectively. In both incidents, all passengers and crew on board were killed.

Boeing faced intense criticism for handling the crisis, including allegations of insufficient oversight, lack of transparency and intentional cover-up. The company was forced to ground all 737 Max planes worldwide, resulting in billions of dollars in losses for Boeing, a tarnished reputation, and destroyed relationships with its airline customers.

The Boeing 737 Max crisis highlights the importance of stakeholder engagement, particularly where safety is paramount. **Companies must involve key stakeholders** in the planning and decision-making process to ensure that their products are safe, reliable, and effective.

The stakeholders in scenario planning can vary depending on the scope and purpose of the analysis. However, here are some of the most common stakeholders typically involved in the scenario planning process:

The **executive team** is responsible for setting the organization's strategic direction and ensuring that the organization is prepared for different possible futures. They are the primary sponsors of scenario planning initiatives.

Business unit leaders are involved in scenario planning to ensure their teams are prepared for different possible futures.

Operations managers are responsible for scenario planning to ensure their operations align with the organization's overall strategy.

Risk managers are responsible for identifying potential risks and developing mitigation strategies.

Marketing and sales teams ensure their strategies align with the organization's overall direction when promoting its offerings, engaging with the market and generating revenue.

Customers and other stakeholders may be involved in scenario planning to provide input on their needs and expectations and to ensure that the organization's strategies are aligned with their interests.

External experts, such as consultants, academics or industry analysts, may be involved in scenario planning to provide insights and expertise on external trends and events that could impact the organization.

Key Drivers

Once you've defined the problem or opportunity and applied a time horizon, you now identify the key drivers that will influence it. Look for drivers most likely to impact the scenario plan's outcome significantly.

External Drivers

Market-based

Market-based focuses on the external market factors that may impact an organization's business, such as changes in consumer behaviour, new competitors, economic conditions, and technological advancements.

In the early 2010s, **Coca-Cola** faced declining sales of its flagship beverages in the face of increasing competition from healthier beverage options, changing consumer habits, and regulatory pressure to reduce sugar content.

Coca-Cola conducted scenario planning exercises to address these challenges to anticipate future trends and identify potential opportunities. This process involved analyzing a wide range of market-based drivers, such as the specific changing consumer preferences, other emerging beverage trends, and their competitor's actions.

Based on their analysis, Coca-Cola expanded its product offerings and increased its focus on healthier beverage options. This included initiatives such as developing low-sugar and sugar-free alternatives to its classic drinks, acquiring beverage companies to diversify its portfolio, and investing in marketing campaigns to promote the health benefits of its products.

Through these efforts, Coca-Cola successfully navigated the challenges of declining sales and increasing competition. The company's focus on market-based drivers has become a cornerstone of its strategy.

Geopolitical

Geopolitical focuses on the potential impact of political events and trends such as trade policies and geopolitical tensions.

In 2018, **Starbucks** faced many geopolitical risks and uncertainties, such as changes in trade policies, geopolitical tensions, and the impact of international conflicts on coffee prices and supply chains.

Starbucks developed a strategic plan to diversify its supply chain and increase its focus on sustainable sourcing practices. This included initiatives such as investing in new supply chains and partnerships with coffee-producing regions outside of its traditional sources, developing new blends and products to meet changing consumer preferences, and implementing sustainable sourcing practices to support local farmers and reduce the environmental impact of coffee production.

Technological

Technological focuses on the potential impact of technological advancements and disruptions, such as the adoption of new technologies, changes in customer preferences, and emerging new competitors.

Amara's law states: **"We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run."** This law is named after Roy Amara, a researcher and former president of the Institute for the Future, a non-profit research organization based in California.

The principle behind Amara's law is that new technologies and innovations often take time to mature and reach their full potential and that the impact of these technologies may only be fully realized many years after their initial introduction. This means that the short-term impact of a new technology may be overestimated, while the long-term impact may be underestimated.

Amara's law has been observed in many areas, including information technology, biotechnology, and environmental technology. It highlights the importance of taking a long-term perspective when evaluating new technologies' potential impact and being patient and persistent in pursuing technological innovation.

Environmental

Environmental drivers focus on the potential impact of environmental factors, such as climate change, natural disasters, and resource depletion.

An example of a company using environmental drivers in developing a scenario plan is **Patagonia**, a clothing and outdoor gear retailer. Patagonia has long been known for its commitment to environmental sustainability and has incorporated environmental drivers into its scenario planning process for many years.

In 2011, Patagonia conducted a comprehensive analysis of its environmental impacts and identified many key drivers that could significantly affect its business, including climate change, water scarcity, and resource depletion. Based on this analysis, Patagonia developed a strategic plan to reduce its environmental footprint and mitigate the impacts of these drivers.

Some of the actions that Patagonia took as part of its scenario planning process and environmental strategy include.

Launching a program to reduce the environmental impact of its products throughout their lifecycle.

Partnering with suppliers to develop more sustainable materials and manufacturing processes Advocating for policies that promote environmental sustainability and reduce the impacts of climate change.

Investing in renewable energy and carbon offset projects to reduce greenhouse gas emissions.

Developing a closed-loop supply chain to reduce waste and increase the use of recycled materials.

Engaging customers in its environmental initiatives through educational campaigns and programs to promote sustainable lifestyles.

Through these efforts, Patagonia has reduced its environmental footprint while maintaining its commitment to high-quality products and customer service.

Regulatory

Regulatory drivers focus on the potential impact of changes in regulations and policies, such as new laws and regulations, changes in industry standards, and shifts in government priorities.

As an industry disruptor, Tesla has faced regulatory risks and uncertainties, including changing regulations related to vehicle safety, emissions standards, and renewable energy incentives.

Tesla has incorporated regulatory drivers into its scenario planning process to address these challenges. Some of the actions that Tesla has taken as part of its scenario planning process and regulatory strategy include:

Building strong relationships with policymakers and regulators at the local, state, and national levels.

Advocating for policies that promote the adoption of electric vehicles and renewable energy sources.

Investing in research and development to improve the safety and performance of its products.

Developing new products and services that meet changing regulatory requirements, such as energy storage systems and solar roof tiles.

Adapting manufacturing and supply chain operations to comply with new regulations and standards.

Tesla’s ability to, more often than not, be ahead of regulatory drivers has become a key factor in its success. It has helped to position it as a leader in the electric vehicle and renewable energy industries.

Social and demographic

Social and demographic planning focuses on the potential impact of social and demographic trends, such as changes in consumer preferences, shifting demographics, and cultural changes.

Nike has long been known for its focus on social responsibility, including issues related to labour practices, human rights, and diversity and inclusion. To address the challenges and opportunities related to social drivers, Nike has developed a strategic plan incorporating social and cultural trends into its scenario planning process.

One way Nike has responded to social drivers is by investing in sustainability and reducing its environmental impact. The company has set ambitious goals to achieve zero waste and reduce its carbon footprint and has developed a range of sustainable materials and manufacturing processes.

Another way Nike has responded to social drivers is by taking a stand on social and political issues that are important to its customers and employees. For example, the company has advocated for LGBT rights and gender equality and has taken steps to address racial inequality and police brutality.

Nike has also focused on **diversity and inclusion as a core strategy**. The company has implemented programs to promote workforce diversity and partnered with community organizations to support underrepresented groups.

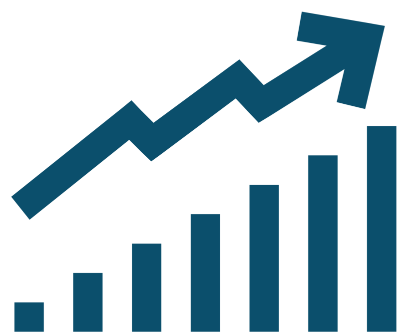
Overall, Nike's focus on social drivers has helped to position it as a leader in corporate social responsibility and has become a key part of its brand identity. By incorporating social and cultural trends into its scenario planning process, Nike has anticipated and responded to changing consumer expectations and social norms while advancing its mission to create positive social and environmental impact.

Financial

Financial drivers focus on the potential impact of factors, such as interest rate changes, exchange rates, and market volatility.

As one of the world's largest companies, **Apple** always manages financial risks and uncertainties, including currency fluctuations, changing market conditions, and regulatory changes.

Apple utilizes financial drivers in its scenario planning process to successfully manage these challenges. One key aspect of Apple's financial strategy is maintaining strong cash reserves, which cushions against economic uncertainty and allow the company to pursue strategic opportunities such as mergers and acquisitions.



Under the leadership of Tim Cook, Apple has also focused on **diversifying its revenue streams** and expanding into new markets, such as wearables and highly profitable services. By doing so, the company has reduced its dependence on its core product, the iPhone, and created new sources of revenue that are less susceptible to market fluctuations and changing consumer preferences.

Another way Apple has responded to financial drivers is by optimizing its supply chain and reducing costs. The company is well known for its lean manufacturing and inventory management practices to minimize waste and reduce expenses. It has worked closely with suppliers to negotiate favourable terms and ensure continuity of supply.

Cybersecurity

Cybersecurity focuses on the potential impact of cybersecurity threats, such as data breaches, cyber-attacks, and identity theft.

JP Morgan Chase's scenario planning and proactive approach to cybersecurity has helped the company to avoid major data breaches and cyber attacks that have affected other financial institutions. The company's robust cybersecurity framework and investment in emerging technologies have also helped it maintain customer trust and confidence in its ability to protect sensitive information.

With the leadership of Jamie Dimon, JP Morgan Chase have a **robust scenario plan** related to cybersecurity that includes:

Reviewing internal cybersecurity and conducting vulnerability assessments to identify potential threats and weaknesses in its systems and infrastructure.

Establishing a dedicated cybersecurity team, including a Chief Information Security Officer (CISO) and cybersecurity experts, to oversee the company's security strategy and operations.

Developing a comprehensive cybersecurity framework that includes protocols for detecting and responding to cyber threats and employee training and awareness programs.

Implementing multi-factor authentication and other security measures to protect against unauthorized access to its systems and data.

Collaborating with industry partners and government agencies to share information and best practices related to cybersecurity.

Conducting drills and simulations to test its incident response capabilities and identify areas for improvement.

Investing in emerging technologies, such as artificial intelligence and blockchain, to enhance its cybersecurity capabilities and stay ahead of evolving threats.

Internal Drivers

Human resources

Human resources drivers focus on the potential impact of changes in the organization's workforce, such as turnover rates, labour shortages, and changes in employee behaviour.

Walmart is a company that uses human resources drivers in developing an internal scenario plan to address labour shortages. The company recognized that labour shortages could threaten its ability to achieve its strategic objectives, so regularly analyzes workforce demographics and market trends to understand the root causes of issues better.

Walmart has developed a **comprehensive talent acquisition and retention strategy** that includes innovative recruitment practices, such as virtual job fairs and social media outreach. The company has also focused on improving employee engagement and retention through programs that promote career development and work-life balance.

Walmart has recognized that labour shortages are a complex issue that requires a multifaceted solution. By leveraging data-driven insights and innovative HR practices, the company is working to build a strong and resilient workforce that can help it achieve its long-term business goals despite the challenges posed by labour shortages.

Supply chain

Supply chain focuses on the potential impact of changes in the organization's supply chain, such as disruptions in the flow of goods and services, changes in supplier relationships, and changes in transportation costs.

In early 2021, **General Motors** was forced to temporarily shut down several of its North American production facilities due to a global shortage of semiconductors.

The semiconductor shortage was caused by a combination of factors, including increased demand for electronic devices during the COVID-19 pandemic and supply chain disruptions caused by the pandemic. However, GM's internal supply chain drivers, including a lack of visibility and agility in its supply chain, also contributed to the company's inability to respond to the shortage quickly.

The company had not anticipated the severity of the shortage and had not developed contingency plans to mitigate its impact. As a result, GM was forced to halt production at several of its factories, resulting in significant financial losses and delayed customer deliveries.

In response to the semiconductor shortage, GM has since implemented a number of measures to improve its **supply chain resilience**, including increasing its visibility into supplier operations, diversifying its supplier base, and increasing its inventory of critical components. However, the incident serves as a reminder of the importance of effective scenario planning in mitigating the impact of internal supply chain drivers on business operations.

Financial

Financial focuses on the potential impact of changes in the organization's finances, such as changes in cash flow, revenue streams, and the cost of capital.

In 2003, **HealthSouth** was hit with a massive accounting scandal that revealed over $2.7 billion in fraudulent financial statements. The scandal resulted from a culture of aggressive growth targets, accounting practices, and arguably a complete lack of scenario planning.

Before the scandal, HealthSouth had been growing rapidly through acquisitions and had become one of the largest providers of outpatient surgery, diagnostic imaging, and rehabilitation services in the United States. However, the company's internal financial drivers, including pressure to meet earnings targets and a lack of effective internal controls, ultimately led to the discovery of the fraud.

In the aftermath of the scandal, HealthSouth was forced to pay significant fines and penalties and underwent a major restructuring process. The company also implemented several new controls and processes to prevent similar issues from occurring in the future. While HealthSouth ultimately survived the scandal, it serves as a cautionary tale for other companies facing similar **internal financial pressures** and the importance of quality scenario planning.

Technology

Technology planning focuses on the potential impact of changes in the organization's technology, such as changes in hardware or software, changes in cybersecurity risks, and changes in the ability to innovate.

Amazon's success is partly attributed to its early and ongoing investment in technology and digital infrastructure.

Amazon's internal technology drivers include its highly automated fulfillment centers, sophisticated data analytics capabilities, and artificial intelligence (AI) and machine learning (ML) technologies. These drivers have allowed the company to achieve unprecedented levels of efficiency and customer service and have positioned it to capitalize on the growth of e-commerce and digital retail.

Amazon's preparation for these internal technology drivers involved significant investment in research and development and strategic acquisitions of technology companies. The company has also **proactively implemented emerging technologies**.

As a result of its preparedness, Amazon has seen significant growth and success in recent years. The company has become one of the largest retailers in the world, with a market capitalization of over $1 trillion. It has also expanded into new markets, such as cloud computing and streaming and has become a major player in the technology industry as a whole.

Overall, Amazon's success highlights the **importance of being prepared** for internal technology drivers and investing in digital infrastructure and emerging technologies. This can lead to increased efficiency, improved customer service, and new growth opportunities for companies in any industry.

Operational

Operational planning focuses on the potential impact of changes in the organization's operations, such as changes in processes, changes in the production environment, and changes in the ability to meet customer demand.

One example of a company affected by operational drivers is **Domino's Pizza**. As a global fast-food chain, Domino's Pizza faced operational challenges, such as long wait times for delivery and low-quality pizza. These issues led to decreased customer satisfaction and, ultimately, a decline in sales.

Domino's Pizza undertook a comprehensive operational overhaul to improve delivery times, quality, and customer experience. The company invested in new technology, such as GPS tracking and mobile ordering, to streamline the ordering and delivery process. Additionally, they launched a new campaign **focused on transparency and quality**, including a promise to remake any pizza that did not meet customer expectations.

As a result of its preparation, Domino's Pizza has seen significant growth and success in recent years. Their same-store sales have consistently increased, and they have expanded into new markets such as India and China. They have also continued to invest in technology and innovation, such as using AI to improve the customer experience.

Some specific actions that Domino's Pizza took in response to operational drivers include.

Investing in technology such as GPS tracking, mobile ordering, and AI to improve efficiency and customer experience.

Revamping their pizza recipes and ingredients to improve quality and taste.

Launching a marketing campaign focused on transparency and quality, including a promise to remake any pizza that did not meet customer expectations.

Improving training and communication with franchisees to ensure consistent quality and customer service.

Domino's Pizza's success demonstrates the importance of being prepared and investing in technology, innovation, and customer experience. By addressing their operational challenges head-on, they were able to turn their business around and achieve sustained growth and success.

The scenario plan aims to identify how different factors impact the organization and overall strategy and to develop contingency plans to mitigate risks and take advantage of opportunities.

Identify Critical Uncertainties

Critical uncertainties are factors or events that are difficult to predict, have a high degree of uncertainty, and could significantly impact the future of an organization or industry. These uncertainties are typically external to the organization, including technological changes, market conditions, regulation, consumer behaviour, and geopolitical events.

Former United States Secretary of Defense Donald Rumsfeld famously said in a press conference in 2002: **"There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say, we know there are some things we do not know. But there are also unknown unknowns—the ones we don't know we don't know."**

Rumsfeld's statement was made when discussing the situation in Iraq and the uncertainty surrounding the presence of weapons of mass destruction. He was acknowledging that there were some things the US government knew for certain, some things they knew they didn't know, and some things they didn't even know they didn't know.

This statement has become widely quoted and applied to various contexts, including scenario planning. Rumsfeld's framework highlights the importance of acknowledging uncertainty and unknown factors in decision-making. By identifying the knowns, known unknowns, and unknown unknowns, scenario planners can better understand the range of possible futures and potential outcomes. This **helps decision-makers prepare for a variety of situations** and develop contingency plans that are robust and flexible.

Rumsfeld's statement is particularly relevant to critical uncertainties in scenario planning. Critical uncertainties are factors or variables that significantly impact the future but are difficult to predict or have a high degree of uncertainty. These uncertainties are characterized as either known unknowns or unknown unknowns.

In scenario planning, identifying critical uncertainties is crucial in developing plausible scenarios. By acknowledging and addressing these uncertainties, scenario planners can create a range of possible futures that **reflect the complexity and unpredictability of the real world**. Rumsfeld's framework helps to illustrate the importance of identifying these uncertainties and recognizing the limitations of our knowledge.

For example, suppose a company is developing a scenario plan for a new product launch. Critical uncertainties include changes in consumer preferences, technological advancements in the industry, and regulatory shifts.

By acknowledging these uncertainties and developing scenarios that consider a range of potential outcomes, the company can prepare for a variety of situations and develop contingency plans that are resilient and adaptable.

Critical uncertainties can be difficult to identify, as they are complex and interconnected, making it challenging to understand their potential impact. However, they are important to consider in strategic planning as they can significantly impact the organization's future.

Identify the key uncertainties that could impact your business in the future.

Develop Scenarios

Develop multiple plausible scenarios based on the critical uncertainties identified. Each scenario must be consistent and describe a plausible future that the business could face.

In a hypothetical scenario, a technology company is considering expanding its cloud computing services to a new region in Asia. To develop a scenario plan for this expansion, the company identified two critical uncertainties: the rate of technological adoption and the level of government regulation.

Plausible scenarios based on these uncertainties would include.

Rapid technological adoption and low government regulation: In this scenario, the region experiences a rapid uptake of cloud computing services due to the growth of technology-oriented industries and a lack of regulation. The company could see high demand for their services and minimal competition, leading to substantial growth.

Slow technological adoption and high government regulation: In this scenario, the region lags behind in technology adoption, and government regulation is high due to concerns about data privacy and security. The company could face difficulties in gaining market share and may need to invest heavily in compliance and regulatory requirements.

Mixed technological adoption and moderate government regulation: In this scenario, technological adoption rates vary across industries, but government regulation is moderate and focused on balancing innovation with consumer protection. The company may need to tailor their services to different industries and invest in building relationships with regulators and stakeholders.

Another hypothetical example, this time for a healthcare organization and using a slightly different structure to the scenario.

Critical uncertainties

- The level of government regulation and funding for healthcare services.
- The pace of technological advancement and adoption in the healthcare industry.

Scenario

In a scenario where government regulation and funding for healthcare services are low and technological advancement and adoption is rapid, a healthcare company may need to adjust their business model to stay competitive. This could involve investing heavily in research and development to create new and innovative treatments and technologies while also finding ways to reduce costs and increase efficiency in order to maintain profitability. The company may also need to explore new markets and partnerships in order to expand its customer base and increase revenue streams.

Scenario Logic

Scenario logic is a method used in scenario planning to create a framework for understanding and analyzing different scenarios. It involves the **development of narratives or stories** that describe a possible future state based on assumptions about how key uncertainties will evolve over time. The logic of a scenario typically consists of three key components:

Drivers

The key forces or trends that will shape the future environment. Drivers can be internal or external to an organization.

Critical uncertainties

The key uncertainties will determine which of several possible future states will occur.

Plausible scenarios

The different possible future states that could result from the interaction of the drivers and critical uncertainties.

Example

A company is trying to develop a scenario for how electric vehicle adoption could impact its business in the next ten years. They might use scenario logic to develop a framework for understanding and analyzing possible outcomes.

Drivers: The key forces or trends shaping the future environment. In this case, some drivers could be:

- **Regulatory** - Government policies promoting electric vehicles
- **Technology** - Advances in battery technology
- **Market-Based/Social** - Changes in consumer preferences and attitudes toward electric vehicles
- **Market-Based/Financial** - Price of oil and gasoline
- **Operational/Regulatory/Geopolitical** - Availability of charging infrastructure

Critical uncertainties: The key uncertainties will determine which possible future states will occur. In this case, some critical uncertainties could be:

- **The speed and scale** of government policies promoting electric vehicles
- **The pace** of advances in battery technology and its impact on cost and range
- **The extent** to which consumers adopt electric vehicles and at what rate
- **The price** of oil and gasoline and whether it will remain competitive with electric vehicles

- **The availability** and reliability of charging infrastructure

Plausible scenarios: The different possible future states that could result from the interaction of the drivers and critical uncertainties. Based on the drivers and critical uncertainties identified, the company could develop several plausible scenarios, such as:

Scenario 1: Rapid EV adoption driven by government policies and advances in battery technology, resulting in a significant decline in demand for traditional gasoline vehicles.

Scenario 2: Slow and steady EV adoption driven primarily by changes in consumer attitudes, resulting in a moderate decline in demand for traditional gasoline vehicles.

Scenario 3: Limited EV adoption due to high costs and lack of charging infrastructure, resulting in a continued dominance of gasoline vehicles.

Scenario 4: Disruptive change in the market, where a new technology emerges that supersedes electric vehicles, such as hydrogen fuel cells.

By developing a logical framework for understanding and analyzing different scenarios, organizations can **identify opportunities and risks** and develop effective strategies to navigate an uncertain future.

Assess Impact

Assess the impact of each scenario on the business, including financial, operational, and strategic impacts. Assessing the impact of a scenario plan on your business can be a complex process, but generally involves the following steps.

Identify the key performance indicators (KPIs) that will be impacted by the scenario. These could include financial metrics such as revenue, profit, and cash flow, as well as non-financial metrics such as customer satisfaction, employee engagement, and brand reputation. It's important to choose KPIs that are relevant to your business and that will provide meaningful insights into the impact of the scenario plan.

With the KPIs identified, the next step is to analyze the **potential impact of the scenario plan** on each one. This can involve developing financial models or using existing data to simulate the effects of the scenario plan on your business. It's important to consider both the short-term and long-term impact of the scenario plan, as well as any secondary or indirect effects that may arise.

Identify Early Warning Signals

Early warning signals indicate that a **scenario is beginning to unfold** or that a critical uncertainty is shifting significantly. Identifying and monitoring early warning signals is an important part of scenario planning, as it can help organizations anticipate and respond to potential risks or opportunities. Here are some examples of early warning signals in scenario planning:

Emerging trends

Emerging trends, such as changes in consumer behaviour, new technology, or shifts in industry competition, can be early warning signals of potential disruption. For example, the emergence of e-commerce platforms was an early warning signal of the decline of traditional brick-and-mortar retail.

Changes in policy

Changes in government policy can be early warning signals of potential shifts in the business environment. For example, changes in immigration policy can impact labour markets and supply chains, while changes in environmental regulations can impact resource availability and costs.

Economic indicators

Changes in economic indicators, such as GDP growth, inflation, or interest rates, can be early warning signals of potential shifts in the business environment. For example, a sudden rise in inflation could signal potential changes in consumer behaviour and government policy.

Social unrest

Social unrest, such as protests or strikes, can be early warning signals of potential changes in the business environment. For example, protests against racial injustice and police brutality in 2020 were an early warning signal of potential changes in consumer behaviour and government policy.

Natural disasters

Natural disasters, such as hurricanes, earthquakes, or pandemics, can be early warning signals of potential disruptions to supply chains and resource availability. For example, the COVID-19 pandemic was an early warning signal of potential changes in consumer behaviour, supply chain disruption, and government policy.

Technology developments

New technological developments or breakthroughs can be early warning signals of potential disruptions or shifts in the business environment. For example, the rise of blockchain technology was an early warning signal of potential disruption to the financial industry.

Demographic changes

Changes in demographics, such as population growth, aging populations, or shifts in ethnic or cultural composition, can be early warning signals of potential shifts in consumer behaviour or resource availability. For example, the aging population in many developed countries is an early warning signal of potential healthcare and retirement services changes.

Environmental changes

Climate change, natural resource depletion, or ecosystem collapse can be early warning signals of potential disruptions to supply chains and resource availability. For example, the declining availability of water resources is an early warning signal of potential disruptions to agriculture and food supply chains.

Geopolitical events

Geopolitical events, such as conflicts, sanctions, or trade disputes, can be early warning signals of potential shifts in the business environment. For example, the ongoing trade disputes between the US and China were early warning signals of potential disruptions to global supply chains. The Russian invasion of Ukraine resulted in significant embargos from many Countries, causing a sudden change in the operations of many organizations.

Social trends

Social trends, such as consumer preferences, cultural values, or lifestyle choices, can be early warning signals of potential shifts in the business environment. For example, the increasing demand for eco-friendly products and services is an early warning signal of potential changes in consumer behaviour and industry competition.

Identify early warning signals that could indicate that one scenario is becoming more likely than others. This will help the business prepare and respond to changes in the external environment.

Develop Contingency Plans

Develop contingency plans for each scenario to **help the business prepare for and respond** to changes in the external environment. A consistent internal structure to contingency plans is important and must be constructed to include the following.

Scenario Analysis

Describe the scenario, including the critical uncertainties, driving forces, and potential outcomes.

Triggers

Identify the triggers indicating that the scenario is beginning to unfold, including early warning signals, key performance indicators, and other relevant metrics. **Triggers can be Ambiguous, Trending or Sudden, and you must account for all of them.**

Examples of triggers include:

- Revenue decline could trigger a contingency plan, indicating potential financial challenges and disruptions in the business environment. **Trending.**
- Decreases in customer satisfaction scores or feedback indicate potential issues with products or services that could lead to reputational damage. **Trending.**
- Disruptions in the supply chain, such as delays in delivery, shortages, or quality issues, indicate potential risks to operations and customer satisfaction. **Trending/Sudden.**

- Increases in employee absenteeism or accidents indicate potential risks to employee health and safety and disruptions to business operations. **Ambiguous.**

- Incidents related to data breaches, unauthorized access, or other cybersecurity threats indicate potential risks to data privacy, business operations, and reputation. **Sudden.**

- Non-compliance with regulatory requirements, such as safety regulations, environmental regulations, or labour laws, indicates potential legal and reputational risks. **Ambiguous/Sudden.**

Response Strategies

Identify the response strategies that will be implemented if the scenario begins to unfold. These strategies must include specific actions, timelines, and responsible stakeholders.

Resource Requirements

Identify the resources required to implement the response strategies. When reviewing the resource requirements of a contingency plan, the following factors need to be considered:

Scalability: Contingency plans need to be scalable, so that they can be adjusted according to the specific needs of the organization during a crisis. Resource requirements must be reviewed to ensure that they can be scaled up or down as needed.

Availability of Resources: The availability of resources, such as people, technology, and physical assets, must ensure that they can be accessed in a timely and effective manner during an event. This involves identifying backup suppliers or alternate sources of critical resources.

Cost-effectiveness: The cost-effectiveness of the contingency plan needs to be reviewed to ensure that it can be implemented within the available budget. This involves identifying cost-saving measures or reallocating resources from lower-priority areas.

Timeframe: The timeframe for implementing the contingency plan should be considered when reviewing resource requirements. Be realistic in identifying the resources required for short-term, medium-term, and long-term implementation of the plan.

Interdependencies: The interdependencies between different resources are reviewed to ensure that they are compatible and can be integrated effectively during an event. This involves identifying potential conflicts or issues that could arise between different resources.

Training and Testing: The resource requirements for training and testing the contingency plan must be considered, including the resources required for staff training, scenario testing, and ongoing review and evaluation of the plan.

Risk Assessment

Provide a thorough risk assessment that identifies the potential risks and challenges associated with implementing the response strategies and developing mitigation strategies to address these risks. A proper risk assessment in a contingency plan includes the following elements:

Identification of Potential Risks: Identify potential risks that could impact your business operations. These risks can be internal, such as equipment failure or employee absence, or external, such as natural disasters or cyberattacks.

Likelihood of Occurrence: Assess the likelihood of each identified risk occurring. This involves evaluating the probability of each risk occurring based on historical data, industry trends, and other relevant factors.

Impact Analysis: Analyze the potential impact that each risk could have on your business. This involves evaluating the consequences of each risk, such as financial losses, operational disruptions, or reputational damage.

Risk Prioritization: Based on the likelihood and impact analysis, risks must be prioritized in order of importance. This involves identifying the risks that are most likely to occur and have the greatest impact on your business operations.

Risk Mitigation Strategies: With the prioritized list of risks, the next step is to identify and implement risk mitigation strategies. This involves developing contingency plans for each identified risk, such as alternative suppliers or backup systems, or implementing risk management policies and procedures.

Monitoring and Review: Finally, it's important to monitor and review the risk assessment on a regular basis to ensure that it remains up-to-date and relevant. This involves regularly reviewing the effectiveness of risk mitigation strategies, evaluating new risks as they emerge, and making adjustments to the contingency plan as needed.

Communication Plan

Communication plans for contingency plans can be either internal or both internal and external, depending on the nature of the contingency event and the stakeholders involved. Internal communication plans are designed to **ensure that all relevant internal stakeholders are informed** about the contingency event and any actions that need to be taken. This includes employees, management, and the teams involved in the response effort. In contrast, communication plans that include external stakeholders are designed to ensure that external parties, such as customers, vendors, and regulatory agencies, are informed about the contingency event and any relevant actions that need to be taken.

The decision to include external stakeholders in the communication plan will depend on factors such as the severity and impact of the contingency event, the level of external visibility, and the organization's regulatory obligations. In either case, effective communication is critical to ensuring all stakeholders are informed, coordinated, and aligned in their response efforts.

Develop an internal communication plan to ensure stakeholders are informed about the contingency plan, including the scenarios, triggers, response strategies, and resource requirements.

The external communication plan should include the following components:

Objectives: Define the main objectives of the communication plan, which will typically be to ensure that external stakeholders are informed and updated in a timely and accurate manner during the event. This may involve identifying the key messages that must be conveyed to different stakeholders, such as customers, suppliers, regulators and partners.

Roles and Responsibilities: Outline the roles and responsibilities of the key individuals involved in the communication process, including the communication team and senior management. This will ensure that everyone knows their responsibilities and can act quickly and effectively in a crisis situation.

Communication Channels: Identify the various communication channels that will be used to disseminate information to stakeholders, such as email, social media, website updates, press releases, and other forms of media. It's important to choose the channels that are most appropriate for each audience and to ensure that they are reliable and secure.

Communication Protocols: Define the protocols for communication, including the frequency and timing of updates, the tone and content of messages, and the communication approval process. It's important to have a clear and consistent approach to communication to avoid confusion and ensure that stakeholders receive accurate and up-to-date information.

Crisis Management Procedures: Integrate the plan with your company's crisis management procedures, including how to activate the plan, who to contact, and how to manage the flow of information. This will ensure that the communication plan is aligned with the overall crisis management strategy and can be effectively executed in a crisis situation.

Training and Testing: Include training and testing procedures to ensure that everyone involved in the communication process is familiar with their roles and responsibilities and can act quickly. Regular testing and evaluation of the plan will help to identify weaknesses and areas for improvement and ensure that the plan remains relevant and effective over time.

Monitor, Review and Update

It is crucial to monitor and update scenario plans on a regular basis as the business environment is constantly evolving, and new risks and opportunities can emerge over time. A scenario plan that may have been effective a year ago may not be relevant or useful in the current business landscape.

There are several gaps and weaknesses in a scenario plan that need to be reviewed regularly.

Outdated Assumptions: Scenario plans are based on assumptions about the business environment and potential risks. Over time, these assumptions may become outdated, making the scenario plan less relevant and effective. Therefore, it's essential to regularly review the scenario plan's assumptions and update them as necessary to ensure that the plan remains current and relevant.

Insufficient Data: Scenario plans rely on data and analysis to identify potential risks and develop response strategies. However, the data used in the plan may not be comprehensive or accurate, leading to ineffective response strategies. Regular reviews of the data used in the scenario plan can help identify any gaps or weaknesses, allowing for adjustments to be made to improve its effectiveness.

Lack of Coordination: Effective response to a crisis requires coordination between various stakeholders, including internal teams, external partners, and regulatory agencies. A scenario plan that does not adequately consider coordination among these parties may be ineffective in a crisis.

Therefore, it's crucial to regularly review the scenario plan to ensure that it includes appropriate coordination mechanisms and that stakeholders are aware of their roles and responsibilities.

Inadequate Testing: Scenario plans must be tested regularly to ensure that they work as intended and that response strategies are effective. A lack of testing can result in gaps or weaknesses that may not be apparent until a crisis occurs. Therefore, it's essential to regularly review the testing procedures used in the scenario plan and ensure that they are comprehensive and effective.

Continuing from an earlier case study, a prime example of a business that did not update its scenario plans and suffered a disaster is the Deepwater Horizon oil spill in 2010. The oil rig, owned and operated by BP, exploded, causing the worst oil spill in U.S. history. An investigation into the incident found that BP had **not adequately updated its scenario plans** or taken the necessary steps to prevent such an incident from occurring.

The company had **failed to properly assess the risks** associated with deepwater drilling and did not have effective contingency plans in place to respond to an oil spill of this magnitude. As a result, the response effort was chaotic and ineffective, with BP struggling to contain the spill and minimize the environmental damage.

The disaster had significant financial, environmental, and reputational consequences for BP, and resulted in a total of $65 billion in penalties and fines. This serves as a stark reminder of the importance of regularly updating scenario plans and ensuring that they reflect the latest information and risks.

In 2018, two men were arrested in one of Starbucks's Philadelphia stores for not ordering anything and waiting for a friend. **The incident quickly went viral**, and Starbucks faced widespread criticism and accusations of racism. In response, the company activated its contingency plan, which included a public apology from the CEO, the announcement of a nationwide racial bias training program for employees, and a commitment to review and update its policies and procedures to ensure that they promote inclusivity and prevent discrimination.

Starbucks was **able to respond quickly and effectively to the crisis** as a result of its scenario planning, demonstrating a commitment to its values and customers. The company's proactive and transparent approach to managing the crisis helped rebuild trust and maintain its reputation.

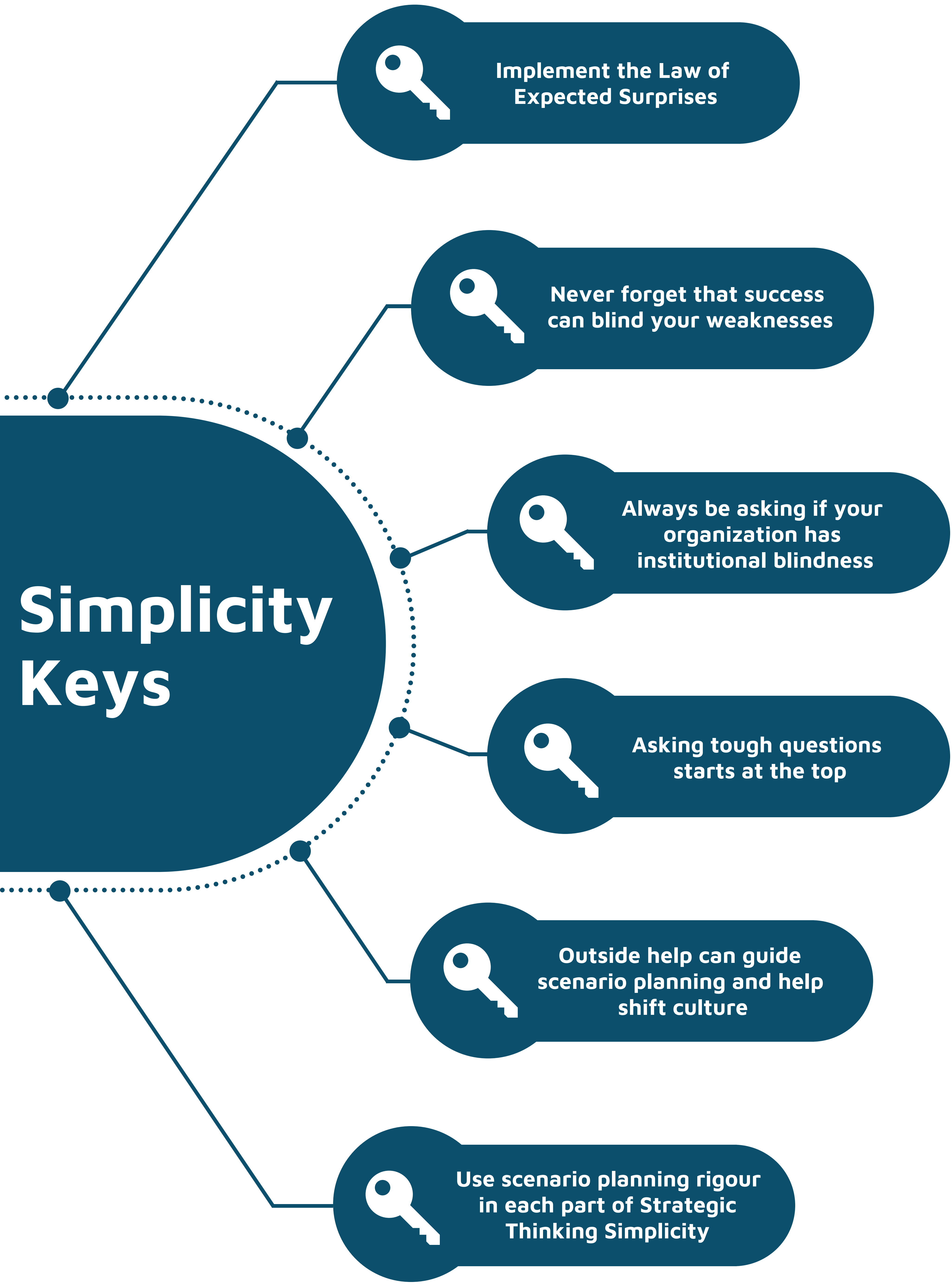
Additionally, the company's ongoing efforts to address issues of racial bias and inequality have helped it become a leader in promoting diversity and inclusion in the business community. This example highlights the importance of having up-to-date scenario plans and crisis management strategies in place to effectively respond to unexpected events and maintain the trust of customers and stakeholders.

Therefore, regularly monitoring and updating scenario plans helps ensure that they reflect the **latest information and trends** and that the response strategies are appropriate for the current environment.

Scenario planning might sound like a daunting task, but it doesn't have to be that way! In fact, it can be a fun and exciting way to prepare for the future while also providing a sense of optimism for what lies ahead.

One of the best things about scenario planning is that it allows businesses to be **optimistic about the future**. By taking proactive steps to prepare for potential risks and challenges, businesses can feel confident that they are ready to face whatever comes their way. This is particularly important during uncertain times, such as economic downturns or geopolitical instability.

Another benefit of scenario planning is that it encourages businesses to **think creatively** and outside of the box. By exploring different possibilities and potential outcomes, businesses can identify new opportunities for growth and innovation. This helps businesses stay ahead of the curve and maintain a competitive edge in their industry.


Simplicity Keys
Implement the Law of Expected Surprises
Never forget that success can blind your weaknesses
Always be asking if your organization has institutional blindness
Asking tough questions starts at the top
Outside help can guide scenario planning and help shift culture
Use scenario planning rigour in each part of Strategic Thinking Simplicity

Chapter 22: Continuous Learning

> Leadership and learning are indispensable to each other.
> - John F. Kennedy

This final chapter is not a summary or an ending. Using this book as a beginning to use strategic planning to stretch yourself and your organization to greater heights is challenging.

Leadership is about continuous learning and helping others achieve all that they can. One of the most important roles of a leader is to help set the strategic direction of their organization and ensure that it is successfully implemented. A simple, clear plan that has been developed by all of the key stakeholders dramatically improves the chances of success.

A strategic plan is much more than a record. Strategic planning is a living process that must be supported with regular nourishment. A plan must be incorporated into a strategic management cycle and be the constant focus of the board of directors and management teams. Every board and management meeting is ideally started with a review of the strategic priorities and a status update. The Action Summary Report makes that update quick and simple. The conversations it will generate will become the new fuel to grow the organization.

The strategic management cycle requires that new strategic priorities be supported in budgets, individual performance contracts and work unit operating plans. This means some difficult decisions must be made. Support from senior management will be absolutely necessary if the new strategies and actions are to be successfully completed. Everyone in the organization must be held truly accountable for their role in getting the job done.

At least quarterly, the strategic plan must receive a more rigorous and formal review by the board and senior management. The entire organization must be aware of this regular focus being paid to the plan. If the leadership focuses on it and holds themselves accountable, that focus will spread throughout the organization.

The greatest danger to a great strategic plan is to be left sitting on the shelf. There will be a great many excuses used to derail your plan. If your employees do not believe that senior management is totally dedicated to the plan, then the first crisis will be enough to derail it entirely. If there is not a legitimate crisis, someone will make one up.

A new plan means change, and no one likes change. Be on the constant lookout for those that would derail it. A real crisis is a great opportunity to demonstrate the power of your strategic plan. Use the crisis to update the plan with the crisis response, while at the same time reaffirming the support for the strategic priorities. This will ensure the strategic focus and operational flexibility that is the secret to success.

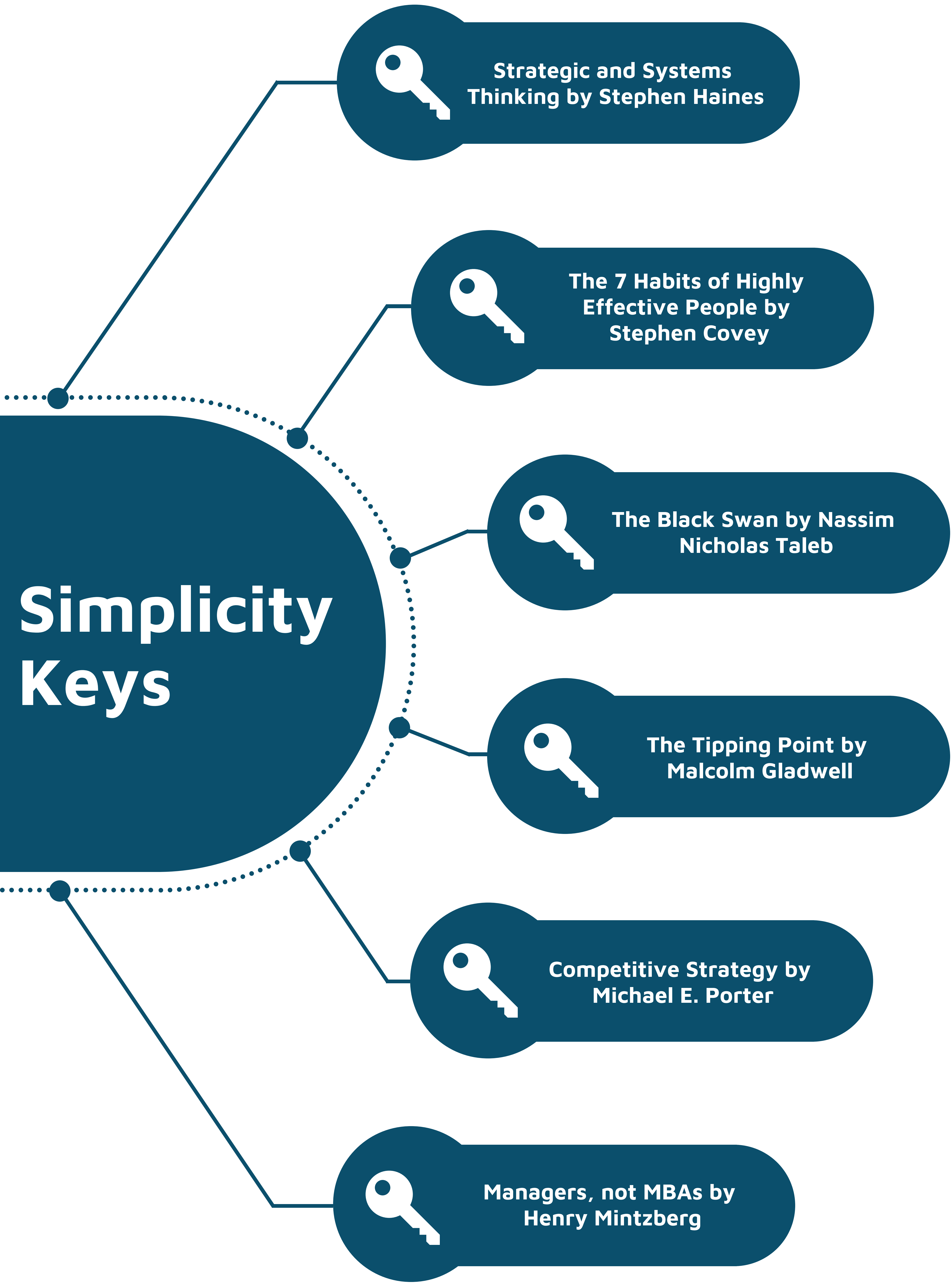
The same principles apply when building your personal life plan. The plan needs regular nourishment, updating and continual focus. Do not let the first crisis derail your plan. Make some specific adjustments and recommit to the plan.

Commit yourself and your organization to continuous learning. The Simplicity Keys section at the end of this chapter gives a few examples of great resources to assist you in your journey. These books by great authors and others, too many to list, will provide unlimited knowledge and motivation.

A good strategic plan should make you uncomfortable. The plan is about choices and tough decisions that will be difficult. If you are comfortable with the plan, it is not stretching you or the organization, and you are going nowhere.

A good strategic plan brings strength and focus to the things that truly matter to you and your organization. Strategy is personal. Own the plan.

Simplicity – Clarity – Action - Results


Simplicity Keys
Strategic and Systems Thinking by Stephen Haines
The 7 Habits of Highly Effective People by Stephen Covey
The Black Swan by Nassim Nicholas Taleb
The Tipping Point by Malcolm Gladwell
Competitive Strategy by Michael E. Porter
Managers, not MBAs by Henry Mintzberg

Chapter 23: Definitions

These definitions are provided to support the discussion in the book and may or may not match common dictionary definitions.

Accountability: answerable for results. This requires clarity of direction and specifying who is answerable for what.

Actions: these are the specific projects, initiatives and programs undertaken to ensure the success of each strategy.

Action Bridge: the strategies and actions that take us from our current state to our desired future state.

Action Summary: a powerful tool used in executing the strategic plan. The record summarizes all strategies, actions, project leads, timelines and status updates. It is essential to support accountability.

Change: to transform, transfer or convert. Strategic planning will always involve change and will be difficult.

Change Curve: the predictable phases that people go through when facing change or stress.

Core Values: how we act, or should act, while fulfilling our mission and achieving our vision.

Current State: where you and your organization are today. An honest review of your current state is critical before moving forward to your desired future state.

Cynics: someone who continually expresses a bitter or disinterested attitude. They are not helpful to the strategic planning process or the organization.

D.A.D: Decide, Announce, Defend. This is an outdated and ineffective approach to planning and change.

Desired Outcomes: what we want out of the planning process. It can also be referred to as the end state, objectives, goals, or where we want to end up. They are included in future state discussions and can also be helpful in project planning.

Engagement: having people involved and committed.

Environment: the world where we operate daily.

Environmental scan: a necessary step at the beginning of the planning process. The scan assesses your world today and in the future across various areas critical to you and your organization. It will help you identify “Black Swans” (improbable events that have a great impact).

Execution: putting your strategic plan to work. The most difficult part of strategic planning and where most plans fail. Without execution, the strategic plan becomes a record set on the shelf, collecting dust. It can also be referred to as implementation.

Facilitator: a person from outside the organization to guide the conversation and process.

Future State: where we want to end up. The future state includes the vision, mission and core values.

Drone view: taking a higher level view of what is going on. This helps support strategic thinking and focus on the desired outcomes.

Implementation: putting your strategic plan to work. It can also be referred to as execution.

Lagging Indicators: part of the measures of success. They are historical, quantifiable results at the end of a period.

Leader: the person responsible for setting the strategic direction for a group and ensuring execution. This individual is also responsible for developing people and processes for a successful organization.

Leading Indicators: part of the measures of success. They are predictive processes, activities and behaviours. They do not have to be numbered.

Mission: your unique purpose. This will answer the question: Why do we exist? What business are we in? What do we produce or provide? Who do we serve?

Outcomes: results achieved.

Outputs: the amount produced; production.

Plan to Implement: a critical step after the development of a draft strategic plan. This is the official beginning of the execution phase.

Plan to Plan: a critical step before the planning process begins. This step ensures that everyone has a shared understanding of the desired outcomes of the planning process and all details.

Planning Retreat: a scheduled event dedicated to strategic planning.

Resources: the people, facilities, funds, technology and processes available in implementing the strategic plan.

Scenario Planning: understanding all possible events and their implications for you and your organization.

Skeptic: someone that asks tough questions about your plan. These people are your best friends.

Stakeholders: anyone that can affect the success of your strategic plan. These are important people to have involved in the planning process from the beginning.

Strategic focus and operational flexibility: a fundamental principle of focusing on where you want to end up and the flexibility to adjust strategies and actions quickly to ensure you get there.

Strategic Leadership: providing the vision and direction for the success of an organization. This must be supported by the ability to engage others and implement change.

Strategic Management: all of the pieces required for success. The strategic management cycle model ensures continual focus on the pieces and their linkage.

Strategic Thinking: an unwavering focus on the desired outcomes of your business, project or initiative.

Strategic Plan: the final approved living process. It is much more than a document.

Strategic Planning: an ongoing process of discussion, focus and renewal.

Strategic Thinking Simplicity: a simple planning model.

Strategies: the "how-to" that will bridge the gap from the current state to the desired future state.

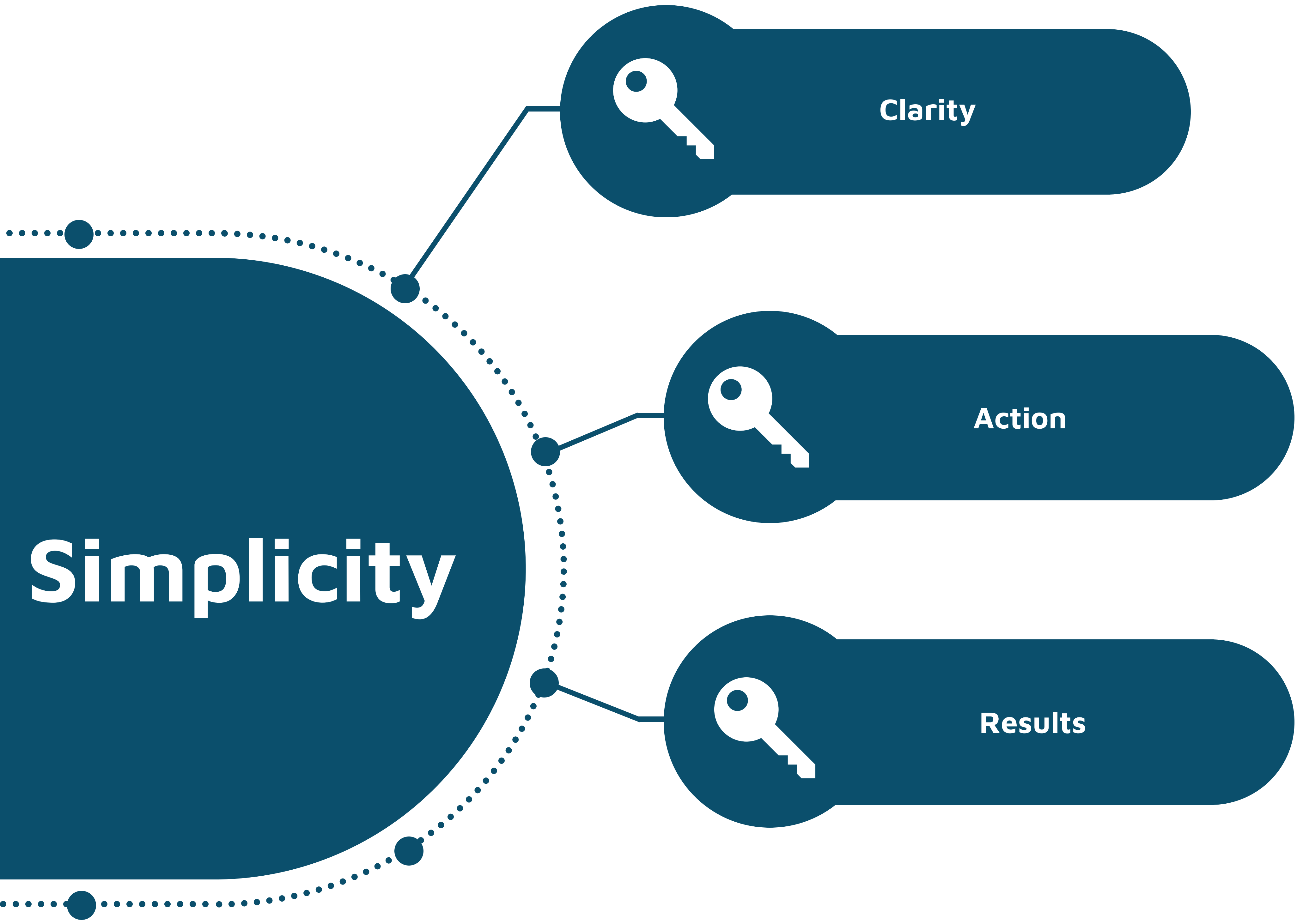
Success Measures: how we ensure we are moving in the right direction. Feedback is one of the cornerstones of systems thinking.

SWOT: a tool used in assessing the current state. Engages a deep conversation on issues internal to the organization (Strengths and Weaknesses) and external to the organization (Opportunities and Threats).

Systems Thinking: a holistic approach that views the whole as primary and the parts as secondary. This is the foundation of effective strategic planning.

The Law of Expected Surprises: something every organization should implement. This law can be supported by rigorous scenario planning.

Vision: what our ideal future looks like. A vision is critical for success.


Clarity
Action
Results
Simplicity