ICF CONSULTING Perspectives™

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In the Trenches:

Techniques for Strategic Planning at the Program Level

Strategic planning at the program or business unit, level is fundamentally different than at the organization level. This is especially true for the largest of our government and corporate entities in today's disaggregated organizational structures, where the programs can find themselves out of sync with the purposes and mission of the parent. Yet, to make a plan work well for the entire organization, it is critical that the programs or business units work effectively to assess, validate, and understand their direction and what will make them successful within a larger context.

Strategy development is about making choices between options, each with its attendant levels of risk and reward, investments and returns, likelihood and chance. Organizations determine these choices by assessing external forces and conditions (including competition) and making judgments regarding the relative health and limitations of their internal capabilities. They create maps and scorecards to evaluate and identify performance measures across financial, customer, and other activities that meet both the long- and short-term goals of the organization (e.g., balanced scorecard). Many organizations also build stories that consider cultural, social, demographic, economic, or global trends impacting their organizations now and in the distant future (e.g., scenario planning). Resulting strategy can be transformative or conservative, offensive or defensive, customer- or product-focused, or a hybrid of all.

Strategy as...

... Gameplan

Set a course and establish a set of activities. Specific direction, due dates, milestones, and responsibilities are critical.

... Business Case

Justify your existence or make the case for investment or resources. Requires detailed financial projections and a compelling rationale or logic stream.

... Rallying Cry/Platform Change

Articulate threats to argue for a shift in direction. Less emphasis on financial projects—more on describing the compelling case to embrace a new direction, create movement, or shift behavior.

... Conversation

Communicate with key members and leadership to articulate internal and external challenges.

... Education

Educate newly hired or promoted leadership on understanding the business at a fundamental level.

Neither the external conditions nor the internal capacities affecting these choices are static, but dynamic—although at different velocities depending on the degree of change the organization is experiencing. This presents the problem that strategy decisions are always out of phase with external conditions and internal capacities, and the challenge to keep the strategy current with new knowledge of the environment and the group's capabilities.

In strategic planning, programs face more limited resource options, narrower spans of control, and initial top down guidance that creates additional boundaries. The most significant difference between the organization and sub-unit level planning is that the impact of external and internal contingencies can have greater effect without the benefit of offsetting results from elsewhere in the portfolio. A frequent answer to core strategic questions about what direction to take is: *It depends.* It depends on whether a primary customer continues its current level of orders. It depends on whether a competitor launches a new product. It depends on the budget allocation. It depends on how many people call in sick next week.

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The following tips and techniques will help account for these contingencies and keep strategy relevant at the program level:

Establish expectations for strategic intelligence. As a staff conducts its operations, it is gathering information on what creates value for customers, competitive trends, new services, the needs of other stakeholders, and other information that can help inform the strategy. Create an expectation that staff members will gather this information by asking for it up front.

Limit the planning horizon. One- to three-year plans are more effective for business units than five- and ten-year plans. However, tracking and updating long-term trends can help improve the short-term effectiveness of planning efforts.

Watch for participant fatigue at the program level. Most participants in a strategic planning process have full-time operational or staff jobs to perform. If the formal process takes too long (more than one month) before implementation or requires more time and resources than the group can afford (more than a 25 percent increase in workload), participants will begin to resist or bail out of the process.

Time the plan. For the program plan to impact the larger organization, it must be developed during the time the rest of the organization engages in strategic planning or in projecting resource allocation. The plan should be ready before the larger organization finishes its process.

Create a deliberate, but flexible, purpose. Establish *why* the unit is engaging in a strategic planning process and clearly articulate its benefits to your group, as well as the resources it will take to get the plan accomplished. See the box on page two for different ways to frame the plan.

Create a recrimination-free atmosphere. As in brainstorming, strategic planning at the program level requires openness to new ideas. It also requires a harsh, unblinking evaluation of current conditions. In close business-unit relationships, this frankness can only be accomplished if participants can speak openly and free from recriminations.

Pick a model and definitions. Arguing over the structure of the strategic plan or the definition of a "goal" versus an "objective" can kill a strategic planning process. Select a model and a set of definitions and request that the participants suspend disbelief for this planning cycle.

> Strategy development is about making choices between options, each with its attendant levels of risk and reward, investments and returns, likelihood and chance.

Some managers criticize organizations and their strategic planning processes because they do not execute their plans well. A benefit of a program's narrower focus, faster decision times, proximity to value-creating customer transactions, and accountability to the other members of the unit is that is has a greater chance of executing its plan by keeping its members engaged in constantly adapting the plan in response to their environment. In this way, the business unit can keep strategic planning fresh in a way that the larger organization could only hope to achieve.

For more information on ICF Consulting's capabilities in strategic planning, visit **www.icfconsulting.com/strategic-planning**.