

Strategic Planning Process

Inspiratum Inc.

If you're not keeping score, you're just practicing.

Abstract: Inspiratum Inc. is a fictional company in the business of baby and infant monitoring devices. Inspiratum has engaged their strategic planning process and will be using a software tool to support their overall business management activities.

This document illustrates the various steps that Inspiratum went through to implement their strategic planning process. In particular the document gives a full example that implements the classic steps of the strategic planning process, namely:

- 1. Defining one's mission and business objectives*
- 2. Performing an environmental scanning of the industry, the competitive landscape and oneself.*
- 3. Formulating the strategy*
- 4. Implementing the Strategy*
- 5. Controlling to ensure that the strategy is implemented as per the plan.*



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Strategic Planning Process

1. Executive Summary

The modern business environment requires organizations to compete by developing accurate strategic plans that clearly define and communicate the objectives of the organization. This is achieved through a cyclical process that must be kept agile yet accurate at all time.

Inspiratum, a medium size business was historically delivering poor performance and upon assessment of the situation realized that the lack of strategic planning and performance management framework was the primary cause of their sub-performance. Inspiratum engaged in a strategic planning process and used principles of balanced scorecards to formulate and manage their strategy in a single, integrated performance management environment.



Figure 1: The Strategic Planning Process

Strategic Planning Process

2. Strategic Planning Process

2.1 Step 1: Defining the Mission and the Objectives

The first step of Strategic Planning Process is the definition of the mission and the key business objectives (a.k.a the Business Drivers). The mission and vision captures those unchanging values and purpose of the organization as well the forward looking goals that the organization will pursue.

Inspiratum, defines its mission as being *the leader in Infant products by offering the most innovative, safe and quality products on the marketplace.*

In order to achieve its mission, Inspiratum will be driven by the following:

1. *Growth.* The organization must grow in size and revenue.
2. *Profit.* To be sustainable, the organization must generate a profit to its shareholders.
3. *Green.* The organization is committed to the community and will strive to operate as a green organization
4. *Quality.* Inspiratum is dedicated to be leader in product quality and innovations.

Inspiratum captures their mission and core values in MS2C in order to ensure that subsequent business objectives are pertinent to the mission:



The screenshot shows a web interface for 'Drivers Home'. It includes a navigation bar with a 'Drivers Home' header and a 'View:' dropdown menu set to 'All'. Below the navigation bar is a table titled 'Recent Drivers' with a 'New' button. The table lists four drivers with their IDs and names.

Driver ID	Name
DR-0003	Become Green.
DR-0000	Growth
DR-0002	Product Grade
DR-0001	Margin

Figure 2: Key Business Drivers

Strategic Planning Process

Subsequently to defining its drivers, Inspiratum derived the concrete objectives that will achieve the mission. Guided by its drivers, Inspiratum defined SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) objectives.

Objective ID	Name of Objective	Color Status
OB-0009	Reduce Carbon footprint	Unknown
OB-0010	Compliance with Green Standards	
OB-0000	Increase Internet Sales	Green
OB-0003	Reduce manufacturing costs	Green
OB-0007	Increasing working capital	Yellow
OB-0008	Become employer of choice	Green
OB-0005	Increase Employee retention	Green
OB-0001	Migrate to subscription model	Yellow
OB-0006	Discontinue low margin products	
OB-0004	Reduce G&A relative costs	Green
OB-0002	Increase manufacturing capacity	Green

[Show 10 items](#)

Figure 3: Business Objectives

Then, the Inspiratum management team ensured that all objectives were mapped to the key business drivers to ensure that objectives could be rationalized. Objectives varies from financials to HR so that all aspects of the business are well covered.

Objective Detail			
Objective ID	OB-0000	Short Description	The internet channel has not been used to its fullest capability.
Name of Objective	Increase Internet Sales	Color Status	Green
Keywords	e-commerce	Criticality	Medium
Lifecycle Status	Approved		
Advanced Properties			
Type	Discretionary	Starting Date	10/11/2009
Level	Strategic	Target Date	10/11/2010
Classification	Classic 4-perspective Balanced Scorecard	GPA	390.00
Subclassification	Customer		
Quality Control: Is the objective S.M.A.R.T. ?			
Specific	✓	Relevant	✓
Measurable	✓	Time-bound	✓
Attainable	✓		
Targets			
Action	Target ID	Target Name	Type of Indicator
Edit Del	T-0000	Internet Sales +25%/year	Performance Indicator (PI)
			Last known measure
			18.00

Figure 4: SMART Objective

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As part of setting the objectives, the team defined exact targets (quantitative) so that later in the process, a control and evaluation framework can be enabled. To ensure consistency and clarity, targets were mapped to the objectives they serve.

Target Detail		Edit	Delete	Clone
Target ID	T-0000	Primary Objective		OB-0000
Target Name	Internet Sales +25%/year	Measurement rules		
Unit	%	Keywords		e-commerce
What is a good trend for this metric?	Upward			
Green Threshold	20.00			
Red Threshold	5.00			
Advanced Properties				
Type of Indicator	Performance Indicator (PI)	Measure Frequency		Quarterly
		Date of First Measure		10/11/2009
Computed Properties				
Date Of Last Measure	10/11/2009	Last known measure		18.00
Current Trend	No trend yet	Calculated Color Status		Yellow

Figure 5: Metrics

2.3 Step 2: Scanning the environment

The second step of the strategic planning process is about scanning the environment of the organization and it includes:

- Assessing the organization itself, its core competencies and everything that can be used to drive the strategic thinking. A typical tool to perform this assessment would be a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.
- Assessing the industry or eco-system that the organization performs in. Typically Porter's five forces would be used to execute such analysis.
- Assessing the macro-environment that constitutes the operational external environment. This would be performed typically a PEST (Political, Economic, Social, Technological) analysis.

The analysis of the environment is a source of ideas and identify all sort of opportunities for the organization to perform better.

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Inspiratum conducted its environment scanning and recorded all findings in their integrated performance management tool.

The screenshot shows a web-based form titled "Driver Edit" with a green header and footer. The form is divided into two main sections: "Information" and "Advanced properties".

Information Section:

- Name:** SWOT Analysis
- Short Description:** Our competency is innovative engineering is unique and constitute a strength to build on.
- Keywords:** Engineering, Competency

Advanced properties Section:

- Type:** SWOT Analysis (dropdown menu)
- Sub type:** Strength (dropdown menu)
- Business Unit:** Core Competency in engineering
- Date of Information:** 4/24/2010 (calendar icon)
- Required Update:** 4/24/2010 (calendar icon)
- Long Description:** (empty text area)
- Business Line:** (empty text area)
- Product or Service:** (empty text area)

Buttons for "Save", "Save & New", and "Cancel" are located at the top and bottom of the form. A red exclamation mark icon in the top right corner of the "Information" section indicates required information.

Figure 6: SWOT Analysis

It permitted to complete the business drivers analysis and triggered the definition of new business objectives, clearly taking advantage of the opportunities that the environmental scanning enabled.

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2.3 Step 3: Formulating the strategy

The third step of the strategic planning process is about making clear statements about the strategy. A clear set of objectives capture the essential of the direction taken by the firm. Usually, organizations can take different strategic approach to solving their challenges. Strategies can be made of overall generic patterns such as cost-leadership, product leadership or niche strategy.

To enforce its choice, Inspiratum refined their business objectives, and elaborated the intent and meaning of each objective, making the mapping clear to all employees.



Objective Detail				Edit	Delete	Clone
Objective ID	OB-0001	Short Description	A subscription model is proven to be a better long-term value for certain of services.			
Name of Objective	Migrate to subscription model	Color Status	Yellow			
Keywords	Finance	Criticality	High			
Lifecycle Status	Approved					
Advanced Properties						
Type	Sustaining	Starting Date	10/11/2009			
Level	Strategic	Target Date	10/11/2010			
Classification	Classic 4-perspective Balanced Scorecard	GPA	375.00			
Subclassification	Financial					
Quality Control: Is the objective S.M.A.R.T. ?						
Specific	✓	Relevant	✓			
Measurable	✓	Time-bound	✓			
Attainable	✓					

Figure 7: Elaboration of business objectives

2.4 Step 4: Implementing the Strategy

The fourth step of the strategic planning process requires the organization to execute the strategy by defining the programs or projects that will support the achievement of the objectives defined in the previous steps. This includes defining all the initiatives, resources, budgets that are required. This step is key to the overall business performance as failure to execute would mean not achieving the strategy. Key to execution is the ability to communicate the strategy as well as creating a framework that enables the management of the key initiatives.

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Inspiratum declared and managed all the required initiative in their integrated business performance management environment.

Recent Initiatives New			
Initiative ID	Initiative Name	Initiative Stage	Status
IN-0005	Green Program		
IN-0000	SEO Program		
IN-0002	Implementation of ERP	Inception	Green
IN-0003	Implement an IPO	Inception	Green
IN-0004	On-line services	In Progress	Red
IN-0001	Profit Sharing	In Progress	Yellow

Figure 8: Key Initiatives

The framework allows them to manage each initiative individually and as a portfolio, including:

- The management of the financials and earned value of each initiative.
- The creation of an accountability framework to ensure that people were accountable for the success of each initiative.
- The risks associated to the initiative and the management of a risk strategy so that risks are minimized through the execution of the strategy.
- The mapping of each initiative to the multiple objectives it serves so that each initiative is managed in order to achieve a business goal.

Initiative Detail Edit Delete Clone Submit for Approval				
Initiative ID	IN-0000	Short Description	An SEO program will improve the visibility of Inspiratum on the web and increase sales	
Initiative Name	SEO Program	Expected Start Date	10/6/2009	
Initiative Stage	In Progress	Expected End Date	10/22/2009	
Status	Green	Keywords	e-commerce, sales	
Advanced Properties				
Value to the organization	Key Strategic Value as it aligns to our growth objectives.		Schedule	The initiative is scheduled to last one year.
GPA	250.00	Risks	See associated risks	
Financials				
Estimated FTEs	1.00	Financials	See attached financial schedule	
Estimated Investment	\$40,000			
Cost of FTE	\$60,000.00			
Total Estimated Cost	\$100,000.00			
Edit Delete Clone Submit for Approval				
Associated objectives New Initiative-Objective Association				
Action	Objective ID	Name of Objective		
Del	OB-0000	Increase Internet Sales		
Accountability New Accountability				
Action	RACI Record ID	Person	Level	
Edit Del	RACI-0003	Joe Smith	Accountable	

Figure 9: Initiative Management

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2.4 Step 5: Implementing the Strategy

The last step of the strategic planning process is about evaluating and controlling the strategy. The strategy need to be measured and evaluated to be kept on track. This is achieved by establishing standard of performance and monitoring tools.

Because Inspiratum had used an integrated environment, they used their previously defined objectives and grouped them in the format of balanced scorecards and dashboards. Each objectives was measured regularly and is the scorecards overall reflect the various achievements of the strategy.

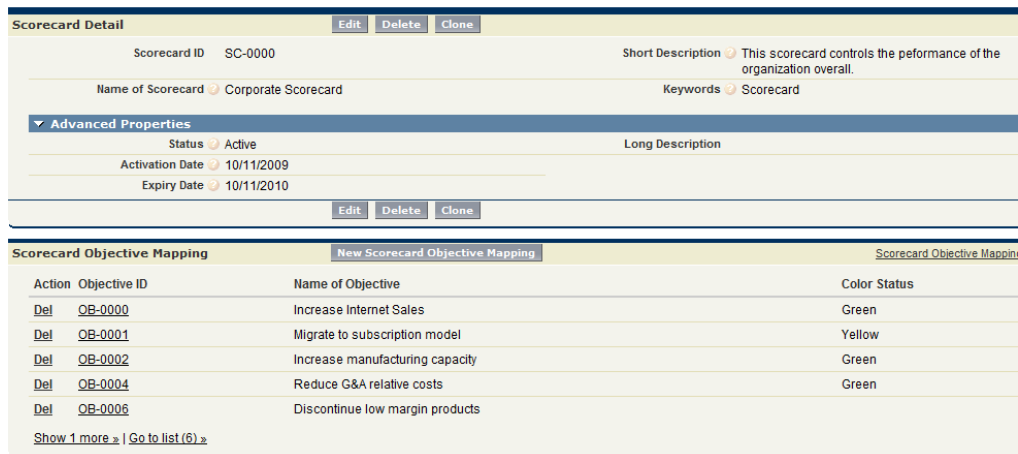


Figure 10: Example of Scorecard and dashboards

Dashboards were developed and customized for each department and individuals so that a constant reminder was available and day-to-day activities would always be in-line with the overall strategy.

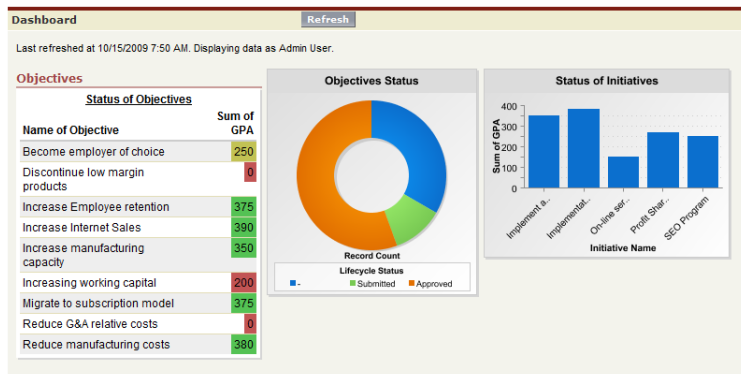


Figure 11: Example of Dashboards