

## **SHAREDHR's VIEW OF THE STRATEGIC BUSINESS PLANNING PROCESS**

### I. Importance of Vision

Great organizations are built by great people working collectively towards common long-term goals. Thus, every organization can benefit by clarifying its Vision. Vision is defined as Core Values and a Vision Statement. The purpose of defining these fundamental building blocks is to establish why the organization exists and what its key values are; basically what it stands for. Vision constitutes the basic compass heading of the organization.

If an organization cannot agree upon these fundamental precepts, it is unlikely that it will be able to achieve its goals or stay together in the long-run. It is not so important that the Vision Statement and Core Values be stated as elegant prose for the world to read. It is most important to engage in the fundamental discussions about what *should be* in these documents with the key thought leaders of the organization. This is not to minimize however, the importance of determining the audience for these key documents. For example, it should be part of every new hire packet, so that in some fundamental way, each candidate can evaluate whether or not he or she wants to join an organization with these values.

### II. Importance of Mission Statement

In today's fast paced world, Mission Statements should be designed to last no longer than three years. A Mission Statement should be meaningful, time bound, and measurable. If the Vision constitutes the compass heading for the entire journey, the Mission statement constitutes a three-year map for progress toward the target Vision.

The Mission Statement should also be a fundamental touchstone for the continuing series of agreements upon which the organization is built. Mission Statements can change, but they should only change as a result of a group process not by a decision of the few.

### III. Importance of Strategy

If the Vision is the compass heading and the Mission Statement is the three-year map for the journey, strategy (strategic business plan) is a one-year plan for the next leg of the journey. An organization strategy should be the product of continual (annual) analysis and should constitute the basis for an annual strategic business plan. One definition of strategy is *the planned allocation of resources*. Strategy must first be determined, and then an organization structure can be built to support the strategy. A strategic business plan allocates the resources necessary to support the strategy and the organization. Strategic Planning requires research, data analysis, discussion and prioritization of initiatives. The connected business plan allocates the resources necessary to achieve the strategy.

A strategic business planning process facilitates the key elements of the organization in competing for resources and takes into account planned revenues, capital spending, plus expenditures. The ideal business plan should include incentive compensation sufficient to encourage the key employees in an organization to deliver the strategic goals for the period. Business strategy, like all these concepts, must stay aligned with the Vision and Mission of the organization and are logical outgrowths of these fundamental building-blocks.

These definitions and model for planning gives employees the framework in which to innovate and make daily decisions that are aligned.

#### IV. Summary

More important than the terminology, is the sense of confidence an integrated vision, mission and business strategy provide employees throughout the organization, leading to the following benefits:

1. The organization is not dependent on a few individuals.
2. There is a logical, universally understood plan for where the organization is going.
3. There is a basic skeleton upon which individual managers, who know what they need to do, can make day-to-day decisions in concert without communicating each step.
4. Establishes a safety and warning system regarding decisions and requires the group process to change fundamental agreements about the organization.
5. The organization works in cadence and goal achievement becomes part of the culture.

This model for clarifying, refining and executing business strategy was built based on our client experience as well as our work at the Stanford Graduate School of Business. Models, more detailed information and client references will be provided upon request.

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