

Take all that Motherhood and Apple Pie out of your Strategic Plan

Dear *LogiStyle* Colleague:

Food for Thought is our way of sharing interesting concepts on corporate leadership and management with others who might find it useful. The thoughts offered are intended to be controversial and thought provoking. They always follow our motto of helping develop logical leadership.

Strategic plans are often full of motherhood and apple pie, i.e., non-controversial comments and observations that are widely known and generally accepted, such as why “markets are getting increasingly competitive,” or how “design cycles and time-to-market are shortening.” In an attempt to make the strategic plan a comprehensive document describing the current state of the market and the business, an inordinate amount of time is spent on documenting what is widely known within the business, and precious little effort is spent on those few critical, but potentially controversial, decisions that are key to the strategic future of the company.

Strategic plans must address controversy squarely in the face and choose to either accept status quo or make a controversial decision. Without controversy, decisions are seldom strategic. For example, if it is obvious that the business is going to need an additional manufacturing plant and the strategic plan calls for building one, it is not a strategic decision but a tactical one. Only when there is controversy within the management team on the present need for an additional plant, is the decision to build one a strategic decision.

We, at LogiStyle, have been promoting a methodology for strategic planning called FIR: Forks-In-the-Road. Management selects a few critical forks in the road that the business faces, where there is internal controversy on what path to take. The selection of the forks and the choice made at each fork become the focus of the strategic planning process and their results become the crux of the strategic plan. Those choices represent, in the terminology of Stanford professor Robert Burgelman, irreversible

commitments – an essential ingredient for effective strategic planning. Management's commitment to the strategic plan can then be measured by tracking the percentage of operating dollars directly attributable to those irreversible commitments.

Companies, where we have helped implement this methodology, have found that a greater fraction of management's time and discussion is focused on the current significant issues facing the business. The resulting document, devoid of motherhood and apple pie, is less meaningful for an outsider – such as a potential strategic buyer of the company, - but is very useful and actionable for the internal management team. For those who desire, the strategic plan can be topped off with a generous layer of whipped cream fluffed up with a lot of air, by including a five-year financial projection resulting from the FIR choices made.

Feel free to contact us if you would like to learn more about the FIR strategic planning process. As always, we welcome your comments. We hope your business is doing well. If we can be of any assistance please feel free to call – even, if just to chat.

Best Regards,

Balaji