PEAK PERFORMANCE
PARTNERS

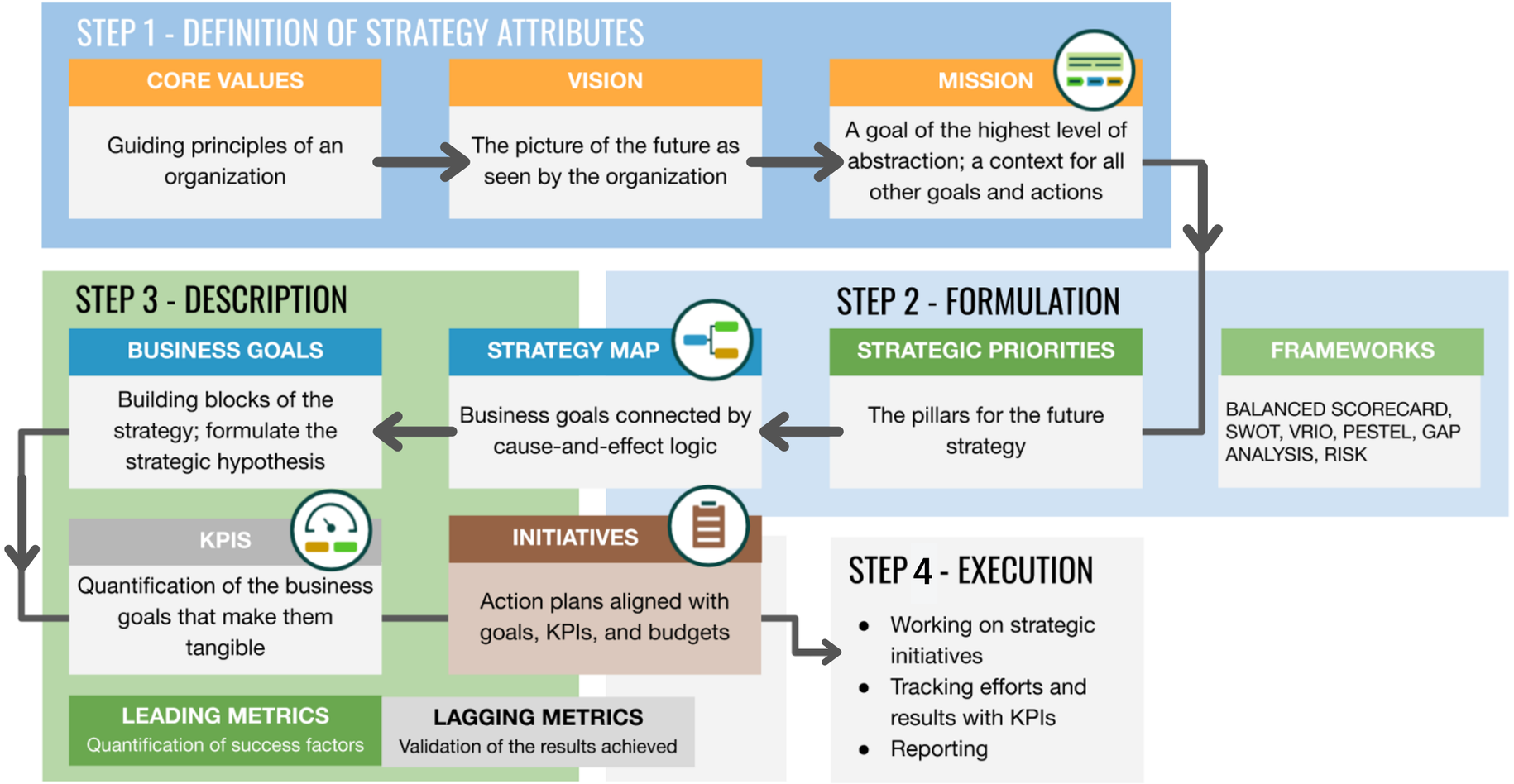
STRATEGIC PLANNING PROCESS

TRANSFORM + ELEVATE

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4 Steps of Strategic Planning Process

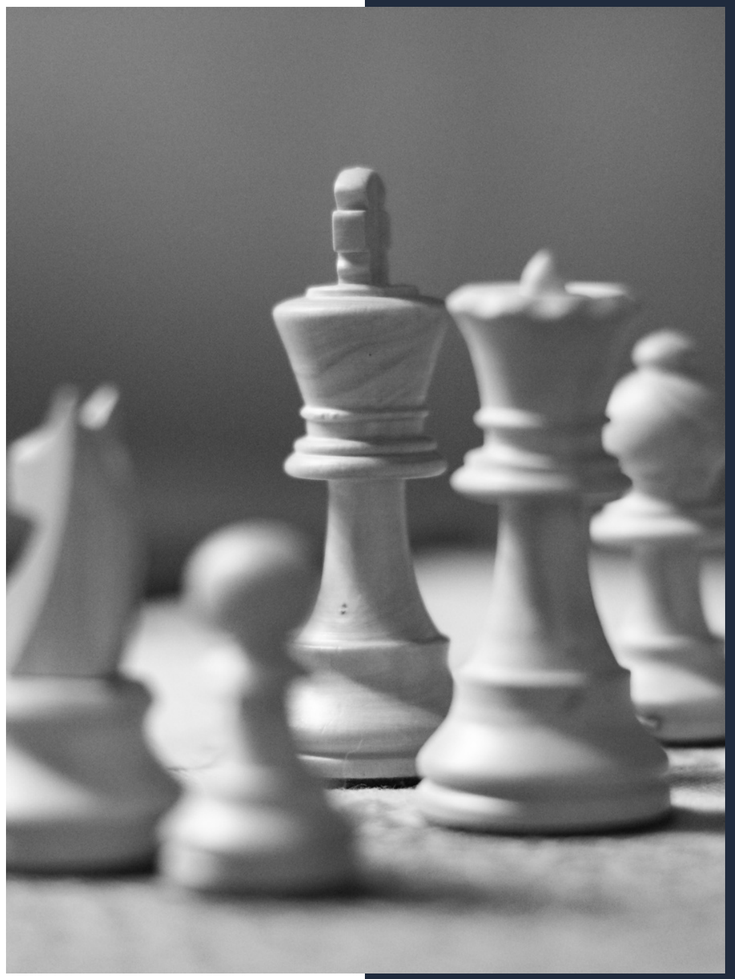


STEP 1.

DEFINITION OF STRATEGY ATTRIBUTES

In strategic planning, the level of highest abstraction is one where we discuss the mission, vision, and values. Organizations create mission/vision statements (see below for some thoughts about the difference between the terms) for two main reasons:

- **A formal one:** follow the common trend and have something to show to investors;
- **A practical one:** use them as building blocks of corporate culture and focus the team’s efforts.







1.1. MISSION/PURPOSE

THE MOST IMPORTANT GOAL OF THE ORGANIZATION

Mission is a goal of the highest level of abstraction, a context for all today's goals and actions.

A good mission statement inspires your team. Bad mission statements are generic, boring, and don't provide any guidance.

Peak Performance Partners Mission: Making strategies easier to execute by providing continuous education/workshops, high-value content, and strategic partnerships.



1.2. VISION

THE WAY AN ORGANIZATION SEES THE FUTURE

Vision describes the future as seen by the organization. With vision, we have the highest level of abstraction of the company's goals. Now we are changing the planning horizon from today to the future.

Peak Performance Partners Vision: Provide organizations worldwide with an effective tool to explain their strategy to the employees and track execution.



1.3. CORE VALUES

GUIDING PRINCIPLES OF THE ORGANIZATION

Core values are the principles by which an organization works. Whatever an organization does, it is supposed to be aligned with its values. Let’s talk about what these values are and how to implement them properly. Core values are the backbone of any organization.

Examples of Core Values

Similar to the typical business goals, core values also follow certain patterns:

- Customer-related values
- Team-related values
- Product-related values
- Leadership values
- Sustainability and growth values
- Personal values and qualities
- Let’s look at some examples grouped into these categories.

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1.3. CORE VALUES **CONT.**

Customer Values

- Exceed expectations
- Wow customers
- Friendly service
- Care for others
- Client Satisfaction
- Be the customer of your product

Team Values

- Collaborating
- Sharing (skills, experience, knowledge)
- Diversity, Inclusion, Equity
- Learning from mistakes
- Celebrating success, Having fun

Product Values

- Quality (see the quality scorecard)
- Excellence in Design
- Simplify



1.3. CORE VALUES **CONT.**

Leadership and Management Values

- Lead by example
- Empowerment
- Entrepreneurial spirit
- Accountability
- Transparency
- Safety

Sustainability Values

- Social responsibility
- Economic sustainability
- Environmental sustainability

Growth Values

- Curiosity, Creativity
- Self-Improvement
- Self-Discipline
- Continuous Improvement
- Open Mindedness, Questioning Old, Risk-Taking
- Innovations (see the innovations scorecard)



1.3. CORE VALUES **CONT.**

Personal Values

- Integrity
- Trust
- Respect

Declared Values vs. Followed Values

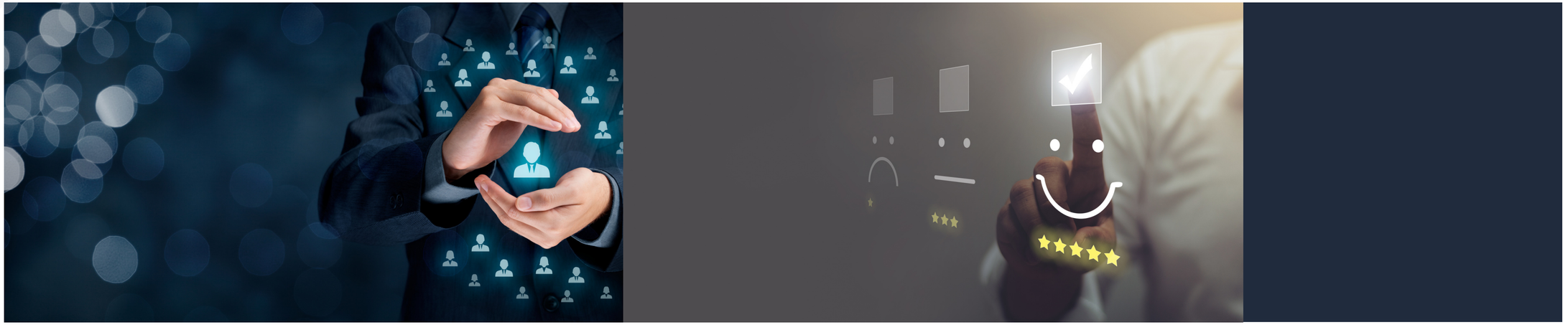
How often do we see companies that declared they are, Innovative, sustainable, accountable, and transparent, but they show exactly the opposite behavior?

In this case, an organization basically tells its employees that “values are just a formality!”

To improve the company’s performance, it’s not enough to compile a list of values. *The values should be followed.* Companies where employees perceive that top managers follow the declared values show stronger performance.

What does it mean to follow values?

1. You should hire by values
2. Plan and execute with your values in mind
3. Reward following your values



1.4. TEST YOUR MISSION, VISION, AND VALUES IN CHALLENGING SITUATIONS

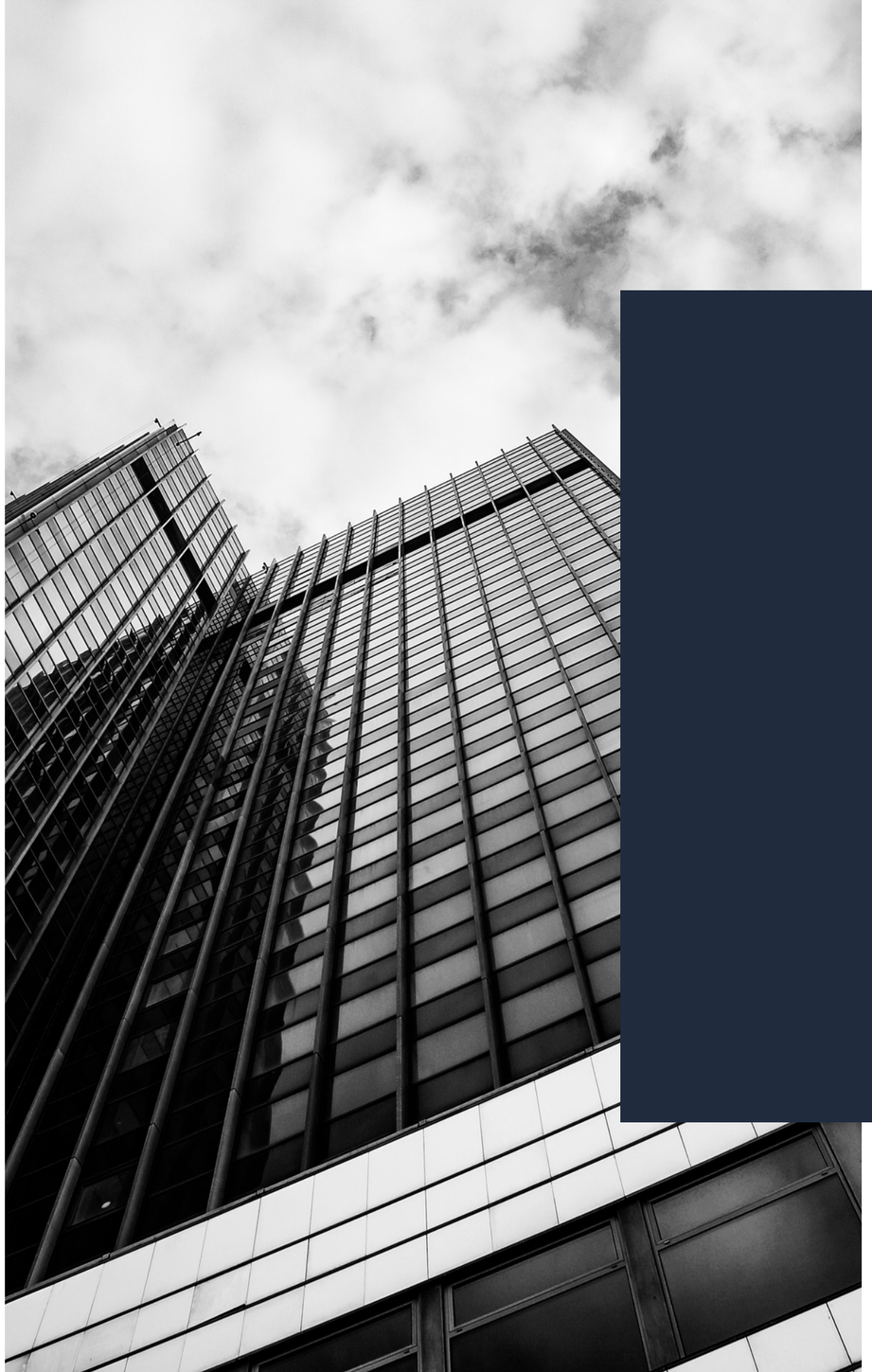
Have you ever seen a company that has “being customer-centric” among their values but actually don’t respond to clients’ emails within one week?

Values that are not aligned with actions do more harm than good.

If you found a significant difference between your values and your actions, you can either update your values to more realistic ones or adjust your behavior patterns according to the values.

In calm waters, most corporate values seem to work. Test your values in crisis time!

STEP 2.
STRATEGY FORMULATION



As demonstrated by the authors of “Strategy Safari,” there are at least 10 schools of strategy that explain different approaches to the strategy and the ways to formulate it. You can be a follower of a certain strategy school, but there are some key components that exist in any good strategy.

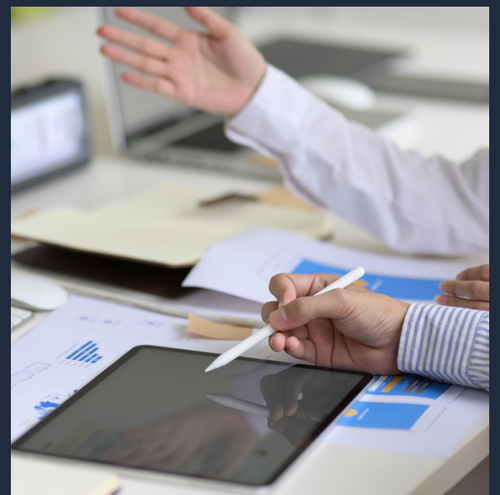
A good strategy includes three components:

- **A diagnosis** – a hypothesis about the reason of the challenge that the company face,
- **A guiding policy** – a hypothesis about the solution to the challenge, and
- **Coherent action** – a hypothesis about what might help, e.g., a company’s response to the challenge.









2.1 BUSINESS TOOLS

Under the umbrella of “strategy planning,” we can group various business tools that play some role in formulating a hypothesis about what might work:

01 SWOT

For reviewing a company’s options from the positions of strength, weakness, opportunities, and threats. Or its improved version – SWOT+S.

02 PESTEL

This is used for an analysis of the external environment.

03 VRIO

As analysis for resources and capabilities.

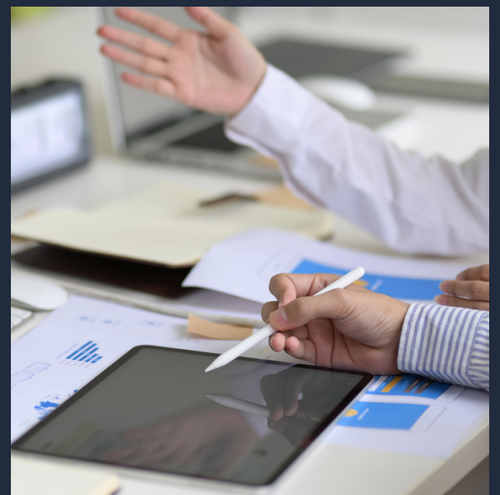
04 RISK MANAGEMENT

For formulating risk assessment and risk control plans.









2.1 BUSINESS TOOLS

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05 STRATEGY GAP ANALYSIS

To compare current performance against expected results.

06 TOC ANALYSIS

To understand where the limiting performance bottlenecks are

07 PRIORITIZATION FRAMEWORKS

That help to prioritize operational goals

...PLUS MORE

Constraints
Customer Needs
Customer Value Proposition

2.2

STRATEGY COMMENTARY DOCUMENT

In the next step, we will convert your strategic hypotheses generated with some of the frameworks into the form of a strategy map with specific objectives that will be linked with each other by cause-and-effect connections.

A strategy map cannot include all of the *supporting ideas and your reasoning* (strategic rationale), instead include these ideas in supporting documentation (strategy commentary).

Strategy commentary might be a 2-3 page document that explains the logic that was followed to formulate the current strategy.



Pillars of the Strategy

Product Leadership Strategy
Customer Intimacy Strategy
Operational Excellence Strategy

2.3
STRATEGY PRIORITIZATION FOR OPERATIONAL GOALS

Strategic themes or strategic priorities help to organize top-level choices of the organization. What about choices on the operational level? How can we decide about priorities for specific goals?

Strategic themes will be a starting point for prioritization. For example, we can filter some ideas that don't fit any strategic themes. Still, we would have a long list of goals. How to prioritize those goals?



STEP 3.

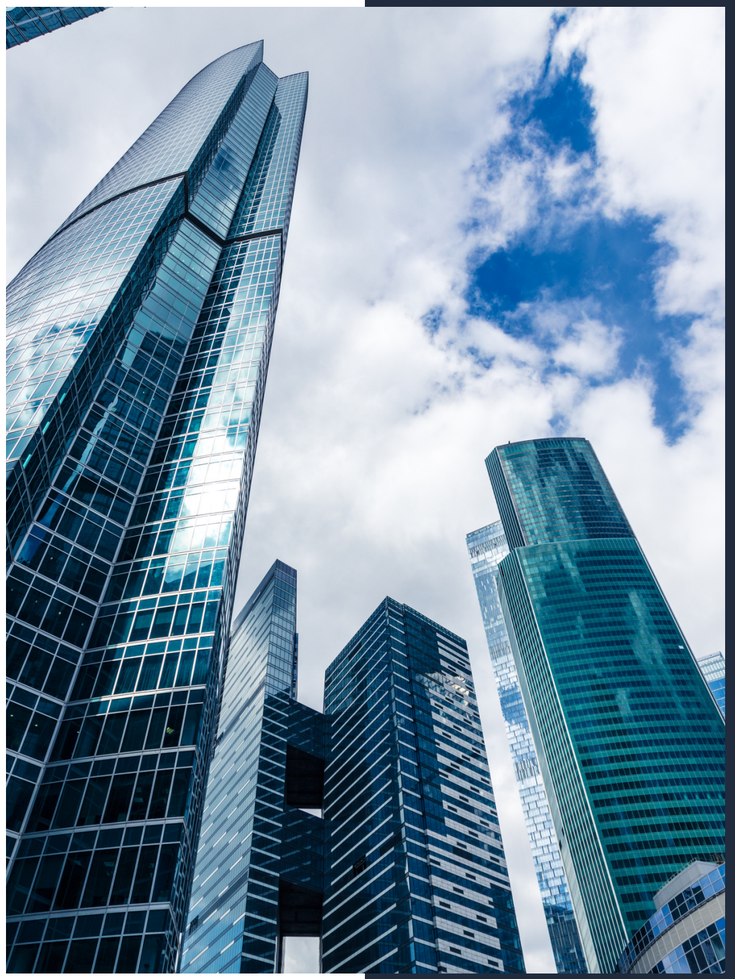
BUSINESS GOALS AND OBJECTIVES

Business goals are more specific parts of a company’s strategy.

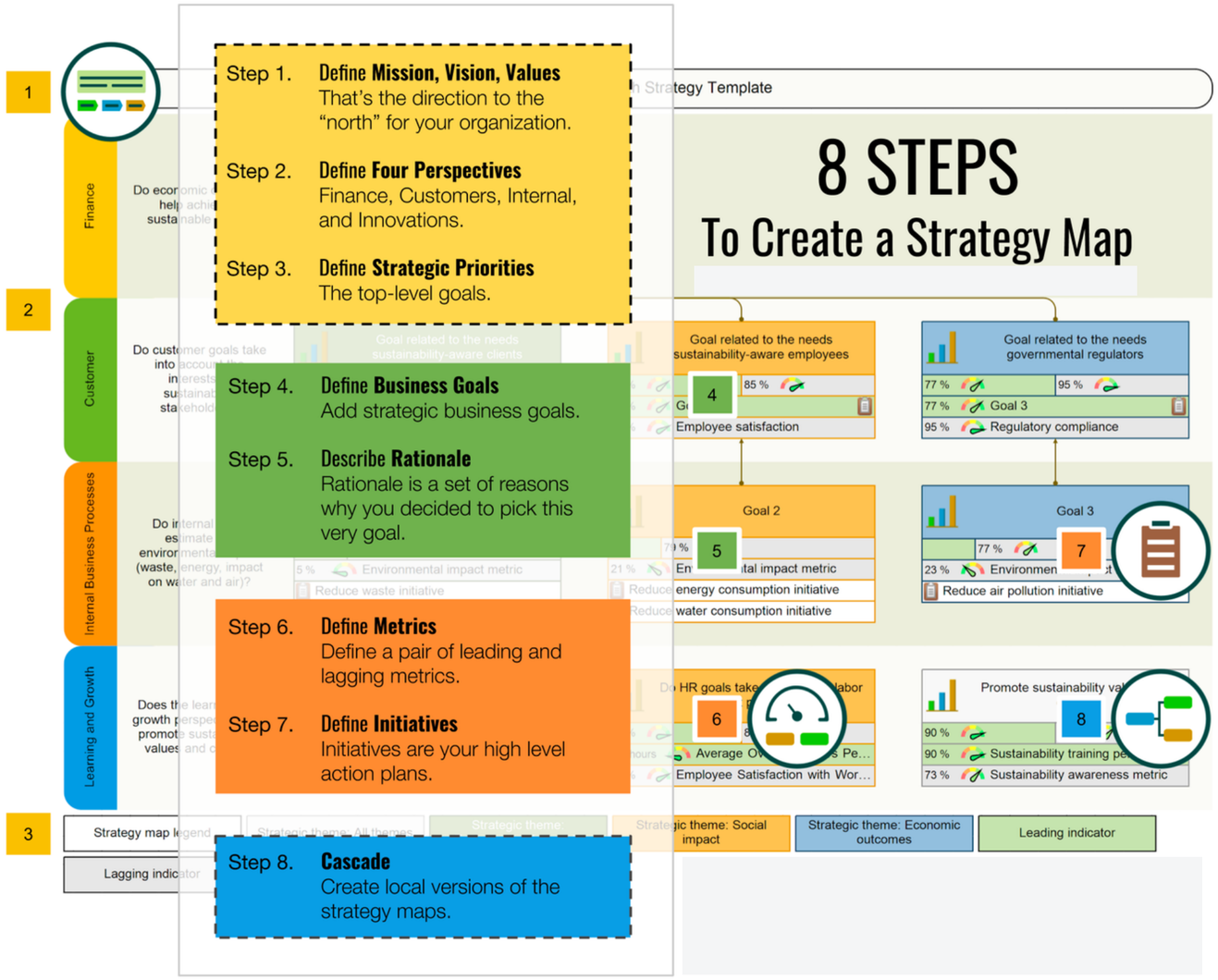
- They formulate a hypothesis about how an organization can achieve desired results
- There is a cause-and-effect logic that can connect them and form a strategy map

Business goal questions:

- What’s the difference between an operational goal and a strategic one?
- How can the separate goals be converted into the strategy?







3.1. STRATEGY MAP

In this step, we will place business objectives on the strategy map. It's important to catch the cause-and-effect connections between them. The cause-and-effect logic is not always shown as an arrow; sometimes, it is just mentioned in the strategy commentary document.

The strategy map framework suggests using four perspectives to describe strategy:

- Financial Perspective
- Customers Perspective
- Internal Business Processes Perspective
- Learning & Growth Perspective

It's important that any objective on the map have:

1. An owner(s) responsible for it,
2. A strategic initiative that provides a proper business context (action plan, rationale) to achieve the objective, and
3. Metrics (KPIs) that tell that the company is on the right track.



3.2. MAKING GOALS TANGIBLE WITH KPI'S

You have your mission as the highest level of abstraction. Then we have the pillars of strategy – strategic priorities, then come business goals that are more specific but still not detailed enough. How can we make the goals more tangible? We need to quantify them!

Leading and Lagging Metrics
An ideal situation is when there is at least one leading and one lagging metric associated with each objective. Here, we explained the difference. Needless to say that to monitor strategic plan effectively, one needs to specify respective targets, thresholds, and benchmarks.

Finding Metrics
Metrics cannot be just copied from the list of popular KPIs. A good metric needs to be formulated during the discussion around the strategy.
It needs to be aligned with business objectives and needs to pass validation (confirm that this metric is measurable, realistic, and aligned with business goal).



3.3. INITATIVES OR ACTION PLANS

We moved from a very abstract mission statement to relatively specific goals measurable by the KPIs. The final level of abstraction in strategic planning is execution controlled by the action plans and initiatives. Here is where we can apply our project management skills, assign budgets, timelines, define more specific priorities, and have full control over execution.



3.4. STRATEGY BUDGET

A side product of the strategy description is that it is possible to give a rough estimation of the strategy budget – a cost of the future strategy execution. We do not include budgeting as a separate step, as strategy planning should not be reduced to budgeting.

In the context of strategy execution, we are interested in a top-level view on budget:

- Budget assigned to each goal
- Budget actually used
- Budget variance – the difference between assigned and used budgets

A strategy scorecard is a hierarchy of the goals, and we can assign several initiatives each with its own budget to any goal. With all this information, we can calculate:

- The available budget for specific initiatives
- The overall budget for a business goal, taking into account all its initiatives
- The budget for the perspective with many sub-goals
- The cost of strategy – the total budget for the whole scorecard

The total budget for a scorecard will be an estimation of the cost to execute the described strategy.

STEP 4.
STRATEGY EXECUTION





Once a strategy is formulated and cascaded, we can start the **strategy execution.** A well-defined and described strategy in front of your eyes will be your company's navigation system.

- Strategy map will help to focus the company's resources on the important objectives
- Leading and lagging metrics will help managers to track the execution process
- Aligned/cascaded objectives will make strategy everyone's job

When the strategy discussion is done:

- Should be held regularly and involves many persons,

- Automate strategy maps
- Keep track of KPIs
- Facilitate reporting
- Keep the team informed via Alerts
- Analyze performance data
- Control access rights to the scorecards and KPIs