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Managing the Human Side of Business™

## ***A New Approach to Strategic Planning***

By Gary Lear, President & CEO

Strategic Planning is nothing new for most organizations. Most have a document that outlines a 5 year plan about what the organization is going to do over that time frame. And each year most organizations engage in the strategic planning process to update this plan.

They often have key players go off on a “retreat” for a couple of days to do their “planning,” focusing on such chores as SWOT analysis’s, reviewing past performance, and setting lofty goals for the next year and beyond. And while 5 year strategic plans are the norm, most of the time the real focus is on what happened over the past year and what will be accomplished over the next year.

Many organizations really drift along with no clear direction, even if they do have a strategic plan. With it so easy to change the focus from year to year, the strategic plan fails to function as it was intended — to be a guide for activities for the future.

With change in markets and business climate occurring more frequently and at a faster pace, it’s no wonder that many highly successful organizations are abandoning the 5 year strategic planning process. But this doesn’t mean that they are really abandoning strategic planning. It just means that there is perhaps a much better approach to strategic planning than just focusing on activities.

In their two ground-breaking research studies, Jim Collins and his team discovered some rather unusual facts about long-term highly successful organizations. It wasn’t their long-term planning of activities that

helped them focus on success, but rather their long-term understanding of why the organization existed, and the kinds of values and beliefs that it operated under that made the difference.

This same focus can be found in the research by Charles O’Reilly and Jeffery Pfeffer as they showcased 7 highly successful organizations. Again, these organizations did not engage in any kind of strategic planning. Yet each one of these organizations had a clear understanding of what their core values were and how they

***Enduring great companies preserve their core values and purpose while their business strategies and operating practices endlessly adapt to a changing world. This is the magical combination of “preserve the core and stimulate progress.”***

**Jim Collins  
Good to Great**

were going to operate.

In other words, it wasn’t about what the organization was going to DO, but what it was going to BE in the future that made the difference. This is a completely different approach to how most organizations approach strategic planning. In fact, most organizations have great trouble in approaching this kind of planning, as our society often is focused on what we’re going to DO and is almost afraid to look too deeply at our essence, or BEING. In fact, many of the organizations in these studies took years to discover their core beliefs, after much soul-searching.

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So if it is so difficult, then why bother to engage in this kind of planning process? Because clearly it gives the organization that does a vast edge over its competition, resulting in phenomenal returns. In some cases, the returns can be as much as 6 times the competition and over 15 times the general market!

This advantage is achieved through several dynamics that are occurring as a result of this approach. First, by having a clear understanding of what the organization's purpose is, gives everyone in the organization a clear focus on what kinds of business activities that it will engage in as part of its operations. Conversely, it also tells the organization what its purpose is not, thus eliminating a variety of activities that it could engage in but that will only drain resources away from the core.

As mentioned in *Good To Great*, the truly successful companies utilized the "hedgehog concept;" focusing in on what the organization could do best, what it could make money at, and what it was passionate about. Those things that don't fit with this concept are not pursued or are abandoned.

The next dynamic is that of flexibility. With change occurring more rapidly, there is just no way that any organization can plan for all of the opportunities and threats that might occur over the next year, let alone the next 5 years. But because the organization has a deep understanding of its purpose and its values, it can rapidly assess if opportunities "fit" with its core or if they should be passed by. In addition, threats are more readily assessed and plans can be developed more rapidly to overcome them.

Finally, by having a set of core values, everyone in the organization knows the boundaries that the organization has set for itself in its daily and long-term operations. Together with the core purpose, the organization can then begin to plan on how

to accomplish daily tasks that turn into long-term operations for the organization.

This gives everyone in the organization the ability to focus their efforts on activities that really matter, instead of engaging in activities that are just part of the next "flavor of the month."

*The problem is not the statistical odds; the problem is that people are squandering their time and resources on the wrong things.*

**Jim Collins**  
**Good to Great**

By ensuring that the organization has this clear understanding of what it will BE, the organization has eliminated the need to "reinvent" itself each year, and no longer faces the risk that it will wander from year to year, continually changing direction. By "finding itself" it has insured that it will be able to make solid decisions about the future of the organization on a daily basis.

But don't expect to be able to accomplish this kind of strategic planning in a weekend! In the *Good to Great* study, the average time for the "Great" organizations to achieve their understanding of their purpose and values was 4 years. Those organizations that set out to purposely accomplish this task might be able to cut the time in half. But it will be hard work, and will be something that will become a daily task, not just something accomplished on a weekend.

But by first BEING and then DOING, the organization has given itself the best chance at a successful future.

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*Gary Lear is the President & CEO of **Resource Development Systems** LLC, an organizational performance research and consulting firm that helps organizations increase performance by more effectively **managing the human side of business**<sup>sm</sup>, resulting in the achievement of their goals.*

**Contact Resource Development Systems, LLC for more information.**