

Four Fatal Flaws of Strategic Planning

Strategy execution is drawing a lot of attention these days, but that in no way means companies have abandoned their time-tested strategic planning processes. In fact, as far as management tools are concerned, strategic planning is as popular as ever, with 88% of large organizations engaging in some form of formal strategic planning, according to Bain & Company's 2007 Management Tools and Trends report. This number may still be on the rise as economic conditions force companies to search for new ways to jump-start business growth.

Yet despite this widespread adoption, managers continue to make fundamental mistakes that undermine otherwise well-intentioned strategy-formulation efforts. Here are four fatal flaws that consistently creep into strategic planning processes that, if avoided, can significantly improve both the process and the results.

Skipping Rigorous Analysis

Many managers believe their business experience and knowledge base alone equips them with all the information they need to conduct effective strategic planning. This belief is almost always untrue and serves only to undermine the kind of critical thinking from which truly creative strategies are born. A good strategic planning process takes full advantage of the numerous tools of strategic analysis — such as the five forces model, strategic group maps, or the value chain — to gain key insights regarding how the industry is evolving, how competitors are changing positions, and where an individual firm's sources of competitive advantage lie.

Believing Strategy Can Be Built in a Day

Changing the minds of key managers takes longer than one day. Yet many executive teams earnestly believe that effective strategies can be identified, explored, and agreed upon during abbreviated offsite meetings where the main driver of the agenda is the timing of snack breaks. While offsite meetings are useful forums in which to share information and address key issues, meetings should be adequately timed — over days or weeks if necessary — so that sufficient preparation and review and discussion can occur before and during the event.

Failing to Link Strategic Planning with Strategic Execution

According to a recent survey by the Conference Board, execution overall and strategy execution in particular hold the first and second positions when it comes to “top issues” in executive's minds. It's no wonder — executing strategy requires the work of the entire organization, whereas strategic planning only requires the top team. But part of a top team's challenge in execution often stems from the failure to link their work with ongoing strategy execution. In his article, “Obstacles to Effective Strategy Implementation” (*Organizational Dynamics*, Vol. 35, No. 1, 2006), Lawrence Hrebiniak of the Wharton School notes that “Strategic success demands a ‘simultaneous’ view of planning and doing. Managers must be thinking about executing even as they are formulating plan.”

Dodging Strategy Review Meetings

Strategic plans quickly become obsolete when there is no activity in place to keep them alive. Worse, managers sometimes feel freed from execution accountability when reviews are continually rescheduled or dropped from the calendar altogether.

The most direct way to maintain a consistent focus on strategy is to schedule and hold regular strategy review meetings. At the end of the strategic plan formulation, managers should establish a strategic governance process where strategy review meetings — whether they are monthly or quarterly — are scheduled a year in advance.