The Hallmarks of Great Strategic Plans

White Paper
CEB Strategy
Leadership Council

Seven Things to Get Right

To provide strategists with an objective indicator of the quality of their plans and to help them discover deficiencies in those plans, we conducted a detailed analysis of 20 annual strategic plans.

Key Findings

1. Strategists spend the bulk of their time developing strategic plans, but executives believe a high proportion (66%) of that time is wasted and could be spent performing more productive activities.
2. Only one-half of senior executives believe their strategic planning processes produce high-quality plans for growth.

This report explains seven places where strategic plans most often fail and the corrective action that should take place.

1. Capture Learning from Performance Against Past Plans

Less than one-half (45%) of plans review the key lessons learned from the under- and over-performance of key strategy initiatives against their targets.

Imperative: Conduct a formal review to compare actual and planned performances for strategic and financial factors to prevent recurrence of strategic errors. Specifically, draw on objective benchmarks, where possible, to test the magnitude of performance wins and misses.

Why: It helps to formally institutionalize organizational learning, eliminate repetition of prior mistakes, and mobilize additional support for the plan.

2. Specify Capability Gaps

Forty-one percent of the plans contain an analysis of the strengths and weaknesses of capabilities (e.g., for HR, IT, Sales).

Imperative: Ensure the plan reveals critical capability gaps to better clarify (and build support for) new growth strategies.

Why: It is often easier to win agreement on capability deficiencies than agreement to pursue a specific growth strategy. Capabilities are often the raw materials needed to support new, more ambitious strategies without being overly prescriptive about where the strategies should ultimately be directed—thus creating optionality when moving into new areas for growth.

3. Clearly Define Long-Term Success

Seventy-four percent of plans do not have a clear and succinct vision statement articulating the organization's long-term future state.[1] Sixty-four percent do not even have a statement of the desired future state that is distinct from its mission statement.[1]

Imperative: Define a clear, nonfinancial aim for the strategy to achieve within a limited period of time (about five years) that helps define and align the strategic goals of the plan's desired future state.

Why: Without a clear vision, strategic goals will be imprecise and can create internal conflicts and strategy stalls. By focusing on a nonfinancial vision, the organization avoids excessive focus on financial solutions.

Source: CEB analysis.

[1] Sample size varies for this factor. The sample was 19 plans for vision statement and 14 plans for desired future state. Mission is defined as the enduring purpose of the organization.

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Phone: +1-866-913-8102
E-Mail: Strategy.Support@cebglobal.com
Web: cebglobal.com/strategy

4. Establish Goals That Align with a Vision

Only one out of every three plans aligns goals to the organization's strategic imperatives and vision.

Imperative: Clearly state the assumptions that underpin strategic goals to demonstrate how achieving specific goals will generate specific outcomes.

Why: Increasing goal alignment clarifies the intent of the strategy and strengthens downstream execution.

5. Set Up a Manageable Number of Strategic and Financial Metrics

No more than 30% of the plans had a manageable number of measures that focused on business outcomes instead of outputs. None of the reviewed plans stated why the selected measures where chosen.

Imperative: Select only a handful of strategic, financial, and outcome-oriented measures to track progress toward a strategy.

Why: Too few metrics can reduce accountability and drive action, whereas too many metrics can create confusion as managers seek to achieve metrics that may counteract one another.

6. Provide Clear Definitions of Key Terms

Only 25% of plans define many of the key terms (e.g., mission, vision, goal, target) that are referenced within them.

Imperative: Create a common set of terms to prevent managers and executives from talking past each other during the strategic planning process.

Why: To ensure the strategy narrative is clear and understood—failure to arrive at shared understanding of these terms can derail the strategic planning process.

7. Focus on Growth

Many strategic plans are more operational and financial than focused on growth.

Imperative: Expand executives' thinking about long-term growth during the strategic planning process to prevent operational and short-term concerns from crowding the process.

Why: As the pressures that executives feel to deliver short-term results increases, planning is at risk of becoming more operationally and financially focused, limiting the plan's emphasis on long-term growth. Companies that can get their executive team to think about long-term growth are three times more likely to achieve top-tier performance (top 20%) in their industry.

How We Help

Resources and Membership Support

- Take advantage of our best practice case studies, live and online training, implementation tools and templates, and benchmarking opportunities.
- Build and execute against a strategic plan that drives growth.
- Schedule a conversation with a member of our research team to identify specific tactics and resources for improving your strategic plan.

About CEB

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