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ABOUT THE AUTHOR

Lew Bentley is the Owner & Principal of Headlight.

Lew has a background that blends work as a Strategic Planner in advertising agencies (Clemenger BBDO, M&C Saatchi, The Campaign Palace), as a Business Development Consultant (Headlight, Maven International, Mandala Creative Business) and as a practitioner, designer and teacher of marketing research (former Research Director of CM Research – now TNS).

Through his career Lew has gained practical experience in a broad array of business and public sector categories.

The Trick with Strategic Planning

Strategic planning is the way-finding process organisations use to aim their business efforts.

Done well, strategic planning brings a mix of effectiveness and efficiency to business. It ensures a focus on the most important objectives, identifies the most fruitful sources of value, helps allocate investment in the right activities, neutralises problems and keeps everyone on track with a shared understanding of what is required.

Sounds simple. But in practice things are never clear-cut.

Where it can go off-track

All organisations do strategic planning to some degree, although some are much more formal with it than others. It is challenging because it asks the big questions of what management is doing to achieve success. It pulls into focus the reality of capability and competitiveness.

Success with strategic planning is usually a result of the organisational culture and the context within which it is done as well as smart thinking. But it can come unstuck for several reasons:

Too Loose

Some managers like to make it up as they go along with 'inspired' ideas rather than the discipline of analysis and a proper plan. This approach breeds inconsistency and makes it hard for the wider team to know what to do, which results in ineffectiveness and inefficiency.

Too Tight

Some managers rigidly stick to the status quo and resist change or information that conflicts with their world-view. The risk is that they plan to maintain and miss new opportunities or ignore threats that require adaptation.

Overcooked

There is a danger of over-indulging with strategic planning. An excess of detailed analysis, complicated frameworks and theoretical concepts can easily overwhelm. Plans that are too confusing or impractical tend to be left on the shelf.



ABOUT HEADLIGHT

Headlight shows clients the way forward in business.

- *Strategy* – fresh perspectives to identify opportunities and solve business problems.
- *Research* – clear insight that explains consumer behaviour and the business, social and cultural environment.
- *Business Plans* – that provide direction for growth, marketing & communication pathways.

SERVICES

Headlight's services include:

- Behavioural marketing programmes
- Brand strategy
- Market research
- Communication effectiveness evaluation
- Destination marketing
- Business development planning
- Road safety communication
- Group facilitation
- Marketing support

Vested Interests

Sometimes a 'strategy' can be presented as a mask for selling a solution that the provider just happens to provide. For this reason, fundamental strategic planning should be separate from its execution.

Means Over Ends

A strategic plan is the means to an end: improved business performance. Sometimes the focus is more on completing a plan for the plan's sake and then ignoring it rather than implementing it. This can be exacerbated by generic, external methodologies that have no particular relevance to the everyday business.

Getting it right

Here are four principles that can help ensure success with strategic planning.

1. Tailor it to the organisation and the market

In order to be relevant and bought into internally the strategic planning process and outputs need to be tailored to fit the organisation and the market. If not, plans can easily fall into the realm of an academic exercise that is separate to the business and not fulfil its role as a guide for action that defines, shapes and inspires the team.

- *If the business is about taking care of people then the plan must feel empathetic and caring.*
- *If the brand is about clever technology then it must feel smart and game-changing.*
- *If the brand is driven by sharp retail offers, then make the plan feel urgent.*

2. Balanced Thinking

Strategic planning is a multi-sport that brings together three types of thinking:

Business acumen

Good strategic planning always focuses tightly on how to bring about desirable business outcomes: how to create sustainable value, identifying new sources of revenue, driving demand and converting sales, delivering return on investment, saving money, making the business model more efficient, achieving step changes in performance, and so on.

It shows a sharp understanding of contemporary business trends and best practices, and it anticipates the marketplace that is unfolding. It draws from a rich palette of options and a well-reasoned case for the paths to take.

Bad strategic planning often serves as a list of things to do without a clear line of sight between the cause and effect of investment.

Ideas

Creative thinking is essential in the strategic planning process. The current business climate and the disruptive potential of technology offer an unprecedented array of possibilities for innovation.

To stay competitive, all organisations need to invest in new ways of working, new products, new channels to market, new partnerships, new markets and new positioning opportunities and new means of customer engagement.

Behaviour change

Strategic planning also needs to show an understanding of how to motivate behaviour. Whether it is earning the loyalty of new customers, or convincing trade partners to provide a competitive advantage, understanding behaviour and how to influence it is an essential capability.

Good research and a thorough understanding of behavioural economics can help inform the strategic planning process with insights about the vagaries of human nature. For example:

- *Why giving away free floor mats can sell cars.*
- *Why people discount the future and don't save for their retirement.*
- *Why beer drinkers drink the label.*

Bad strategic planning makes uninformed or superficial assumptions about consumers. It focuses on the supply of product without considering what drives demand, thereby risking irrelevance or at least compromising consumer appeal and loyalty.

3. Join the Dots

Strategic planning integrates the dynamics of the business together as a system. It optimises the forces of demand and supply and shows the cause and effect of investment and return. It explains how each part of the business can work in harmony with the whole.

Weak plans do not join the dots of a business. They chart a financial growth path without explaining how it will be achieved. They show how to satisfy customers without considering the business implications. They list innovation ideas without showing how they can deliver strategic return on investment.

The Headlight Value Exchange template overleaf provides a useful start-point for how to integrate the cause and effect in your business.

4. A Guide for Implementation

Strategic plans only have value if they can be effectively implemented. To motivate effective implementation strategic plans need to be:

Gettable

Plans should boil down to a simple story on one page that everyone can easily understand and translate into their work. Detailed Powerpoint decks might hold the full analysis, but they should not be required reading.

Inspiring

Plans that bring excitement and the confidence of success are more likely to be put into action.

Practical

Plans need to dove-tail into the everyday operation of a business. Too hard means not done.

Reinforced

Consistent support by senior management and across all business areas is important if plans are to be adopted. Similarly, embedding plan goals into everyday workflows and performance measurement will help ensure the plan becomes the guide for behaviour in the organisation.

Here are two examples of inspired strategic thinking; one is very contemporary, one is a classic.



Zenefits technology disrupts the HR market

Situation: The US employee benefits market is complex, competitive and traditionally served by specialist consultants and brokers.

Strategy: Zenefits developed a highly intuitive software-as-a-service platform to handle HR functions and employee benefits. They provide it free to users and earn their money by charging health insurance companies to access Zenefits users as a channel.

Outcome: Zenefits was named the fastest growing company in Silicon Valley in 2015, growing to a value of US\$4b in only two years.



De Beers, A Diamond is Forever

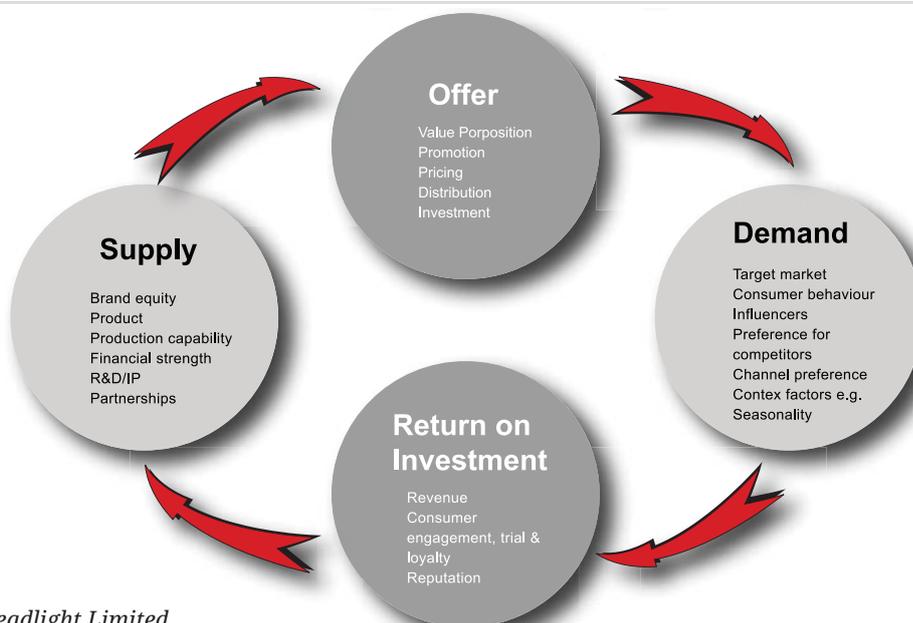
Situation: By the late 1930's diamonds were not a rare stone, not especially valuable, and mostly a commodity used for industrial purposes. De Beers was looking for a way to stabilise and control the market. At this stage engagement rings were not the norm and only 10% of all rings featured a diamond.

Strategy: Advertising agency NW Ayer identified the opportunity to create a consumer market by linking diamond rings with the emotion of love and a symbol of commitment. The classic line "A diamond is forever" said it all.

Outcome: By marketing an idea rather than a product, De Beers built a \$72b diamond industry and dominated it for a good 80 years. The mass consumer market is a basis for maintaining an added value premium for the stones, and now no marriage proposal is complete without diamonds.

Effective Strategic Plans need to be:
Gettable
Inspiring
Practical
Reinforced

Headlight Value Exchange



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