

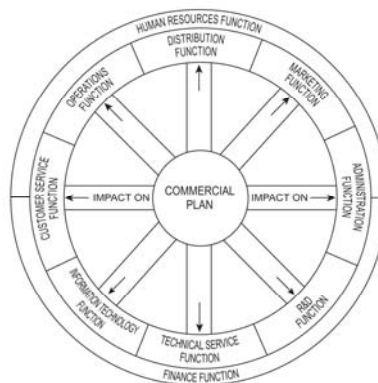
Strategic Planning that works!

Did you know that 70% of people in organisations are passive about change? They prefer the status quo. That's the bad news. The good news is that the same 70% *will* change - given a convincing enough reason to do so.

So lack of justification for change is one of the main reasons why Strategic Business Plans do not get implemented. In addition, implementation is undermined by:

- > Over ambitious goals
- > Poor quality data
- > Inadequate analysis
- > Lack of process
- > Too much emphasis given to the Plan and too little to its feasibility and implementation

To overcome these shortcomings, bpi consultants has developed a new model to guide strategic business planning. It's called the **Wagon Wheel**.



1. How it works

A Wagon Wheel has four components:

- Hub
- Spokes
- Wheel rim
- Metal band

The Strategic Business Plan (SBP) is constructed in the same sequence as a Wagon Wheel. It starts with the hub to which the spokes are attached. The wheel rim is attached to the spokes and lastly the metal band to the outside of the rim.

Hub – Commercial Plan

The Commercial Plan is the hub of the SBP. It comprises five components.

- Activities – now and in the future
- Markets served – now and in the future
- Products/Services provided – now and in the future
- Competitive Strategy
- Competitive Advantage

The first letters of these components make up the acronym **AMP CC**

These five components never change. They are as equally applicable to a machine tool manufacturer as they are to a legal practice.

Spokes – Connecting Planning to Implementation

Once the first draft of the Commercial Plan has been developed, its impact needs to be assessed on the key Support Functions that make up a particular company. The wagon wheel's spokes connect the Commercial Plan to the Support Functions in the same way as they connect the hub to the wheel rim.

Wheel Rim – the Support Functions

The functions that make up the wheel rim will depend entirely on the nature of the business and the features of the Commercial Plan. They are determined by asking four questions.

- What are the implications of our plans in relation to our activities?
- What are the implications of our plans in relation to markets?
- What are the implications of our plans in relation to products and services?
- What are the implications of our plans in regard to competitive strategies?

Thus the Functions are identified and built into the wheel rim, each with a spoke connecting it to the hub of the Commercial Plan.

Metal band – the Enabling Functions

There are only two Enabling Functions and along with the components of the Commercial Plan, they are constant no matter what the business.

- Human Resources Function
- Finance Function

At this stage, the Commercial Plan has been developed and its implications on the Support Functions assessed. The Human Resources Function should be addressed first. It involves three issues.

- Whether the mix of expertise is appropriate to implement the Commercial Plan
- Whether the current organisational structure is the most appropriate to implement the Commercial Plan
- Whether any additional personnel need to be recruited to implement the Commercial Plan

The Finance Function is considered last. Given the need for potential investment in capital equipment, Information Technology, Infrastructure & People etc, the planners must consider whether the company can afford the expenditure and, if so, how it is to be financed.

The **bpi Wagon Wheel** enables the planners to assess the feasibility of the SBP before committing to its “live” implementation. If the financial assessment indicates that the Commercial Plan is not feasible in its current form, the following options need evaluating.

- Are there efficiencies to be made in the Support Functions?
- If not, can the timetable for investment or implementation of the Commercial Plan be extended? If not,
- the Commercial Plan must be reviewed and scaled down

2. Implementation

Once you have an SBP that is realistic in its objectives and capable of being resourced, implementation can go “live”. This is when the **Wagon Wheel** really gets a roll on!

Organisational Alignment

Fundamental to successful implementation is organisational alignment.

Everyone in the organisation must appreciate:

where the organisation is **NOW**,
understand **WHERE** it is headed
and **HOW** it is going to get there.

The **bpi Wagon Wheel** is in itself a model of alignment.

The Commercial Plan sets out where the company is NOW, WHERE it is headed and HOW it is going to get there. The implications of the Commercial Plan on the various Support Functions have been identified so whether an employee is responsible for Accounts Receivable or Customer Service, he or she will both understand the “big picture” and appreciate the role that he or she will play in realising it.

Those working in the two Enabling Functions of HR and Finance will in turn be aligned to the needs of the Support Functions.

Organisational change – tell ‘em how the clock works!

I once worked with a colleague who would say when he had asked me a question and was being treated to an elaborate response – “just tell me the time, don’t tell me how the clock works!”

In the majority of circumstances, that’s sound advice – but not when it comes to organisational change.

If the passive 70% of your workforce are going to relinquish the status quo, they need to know **WHY** they are being asked to change. Not only do you have to tell them the time, but also how the clock works.

So the Commercial Plan has to summarise **WHY** the particular **A,M,P&C’s** have been adopted so each member of a particular Support Function appreciates the need for change.

Thus, the **Wagon Wheel** satisfies the two basic requirements for organisational change and effective implementation.

It explains the direction of change, and the reasons for it

By reversing the arrows on the spokes that connect the Commercial Plan to the Support – and via them – to the Enabling functions, they now face towards the hub rather than away from it. All the organisation's energies and resources are now directed towards the implementation of the Commercial Plan.

3. Monitoring & adapting the SBP

However well founded the Strategic Plan is, it always remains a work in progress. Because the environment that the business operates in is always changing, the Plan has to be updated to reflect those changes.

As Charles Darwin observed, "it's not the strongest of the species nor the fittest that survive, but the ones most adaptable to change."

Whether any barriers to implementation are apparent or not, the SBP should be formally reviewed every twelve months to check that the assumptions on which it is based still hold true - and at any time if there is a significant change in the business environment. By adjusting the SBP in this fashion, the need to develop it from first principles will be unnecessary and the more useful it will be as a guide to the organisation's future.

Using the **Wagon Wheel** approach to Strategic Business Planning makes it much easier for management to diagnose the origin of problems and barriers to implementation.

By separating the Commercial Plan from the Support and Enabling Functions, the assumptions on which the Commercial Plan was founded can be readily reviewed as can the performance of each function required to make the SBP happen.

4. Developing the Commercial Plan

The hub is the most critical and complex component of the wagon wheel – just as the Commercial Plan is the most critical and complex component of the Strategic Business Plan. And like the hub, the Commercial Plan is constructed using a precise pattern.

To develop a Strategic Business Plan without considering its implications for the Support and Enabling Functions is like building a wagon wheel without spokes and wheel rim.

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August 2006

