

# THE BASICS OF STRATEGY – PLANNING TO SUCCEED

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Research | Strategy | Execution

**Preface**

Before jumping into market research, strategic planning or execution of a strategy, it is highly recommended that an assessment of growth readiness is conducted. Whether facilitated by the internal team or an external firm, growth readiness is a point-in-time view of an organization's ability to successfully drive growth. MarketWise offers an in-depth assessment, which follows the process diagrammed below and takes approximately two weeks to complete.



The full assessment includes getting to the point of a complete understanding of the cross-functional set of perspectives within the organization, based on in-depth conversations, followed by a report of findings, recommendations and a discussion of next steps. For those interested in a preliminary assessment, MarketWise provides a [quick view survey](#) without charge, which can be used to roughly calculate an organization's score as it stands today. In either case, the idea is to identify the current state, gaps and barriers as they relate to setting the organization up for growth. Without this, market research and/or growth strategies may be put into place before the organization is truly ready to embark on those journeys.

**Executive Summary**

Effective strategy starts with the stated mission (purpose) and vision of the company; what the company does, where it's trying to go and what it will look like once it succeeds. In some cases, there is good clarity around mission and vision and in fact these guiding principles haven't changed in years. In many cases however, there is a general opinion of what these things entail, but everybody's definition is a little different.

If not well-defined, or if the mission and vision need to evolve due to macro trends, change of ownership, competitive pressure, etc., it's a good idea to brainstorm and vet, with leadership, ownership and other stakeholders, to the point of having agreement before moving forward with strategic planning.

Once the mission and vision have been determined, there are tried-and-true steps that can guide the strategic planning process, all with the intent of bringing the mission and vision to life. While there are significant inputs and outputs, the steps in summary form include:

- Developing the strategic objectives
- Building the strategic imperatives
- Creating the project/product/marketing plans
- Assembling the operating plan
- Communicating the plan to all who will be expected to execute it

Development of the strategic plan is a cross-functional effort, because the initiatives themselves will usually include product development, finance, operations, sales, marketing and customer support; and in some cases, a team focused on strategic partnerships and/or acquisitions.

The goal of strategic planning is to put structure around a set of activities that can be reviewed monthly to ensure traction is occurring. Once the strategic plan is constructed, the organization moves into execution of that plan, which is addressed in detail in the MarketWise white paper called *Executing to Win*.

### **Introduction/Background**

Revenue growth can be a challenge for many companies, so anything and everything that can be put into place to increase the chances of success should be considered throughout the commercialization process. Of utmost importance is strategic planning, because let's face it, without a plan, busyness will occur, but nothing strategic will get done.

Good strategic planning ensures the direction the organization is going to embark upon during the year (and for the next several years) will be well-placed and in support of the mission of the company; and the vision of its leadership.

Like a football team, where there's a mission (provide entertainment), vision (delight fans by winning), strategic objectives (win the Super Bowl), strategic imperatives (win the division), project/product/marketing plans (build the team and plan the games), operating plans (the team's financials) and communication (to ownership, team members, the press and fans), strategic planning ensures the organization succeeds and fulfills its purpose.

### **The Problem to Solve**

Strategic planning doesn't have to be difficult, but it does require commitment, process, an unbiased assessment of growth readiness, market research, a framework, attention to detail and involvement by a cross-functional team. Unfortunately, experience tells us too many companies either don't have a strategic planning process at all, or they do, but it's a half-hearted academic exercise, where at the end, the plan is put on the shelf and revisited 12 months later. The result? Strategic progress doesn't happen and over time, organizations that aren't paying attention to the evolution of their markets fall prey to competitors, economic conditions, changing needs, etc., ultimately seeing declines in revenue and eventually, complete irrelevance.

We've all heard the story of the buggy whip maker and how the industry became obsolete with the advent of the automobile, but let's consider a relatively recent example of what can go wrong without strategic planning, or at least without strategic planning that is well-informed: the video rental industry.

In the late 1970s and early 1980s, with the introduction of video recorders/players that many middle-class families could afford, a video rental industry, where customers could rent older and more current movies, came to life. "Mom and Pops" and national chains began showing up in every town in America. This continued for

nearly three decades, including the launch of Blockbuster Video, which formed in 1985 in Dallas, Texas and at its peak, included 9,000 stores globally.

By 1997, things had begun to change, even if unnoticed or simply dismissed at first by the leaders in the industry at the time. Netflix, a recently launched new venture, promised to disrupt the industry and did: video rentals by mail, with no late fees. Netflix's founder has reportedly stated that he formed Netflix because he was tired of paying fees for not making it back to the video store in time to return rented movies. By the year 2000, Netflix had started to gain significant traction. In fact, Blockbuster apparently considered, but ultimately passed on an opportunity to buy Netflix that year, for a reported \$50 million.

In 2002, Redbox launched, which gave consumers the choice of renting movies from a vending machine, in grocery stores, gas stations, etc. Redbox still exists today, both with movie rentals and online streaming services.

In 2004, Blockbuster launched Blockbuster Online, but by then, it was years behind Netflix and catching up would prove insurmountable. In 2010, Blockbuster filed for bankruptcy and by 2013, all Blockbuster stores but one had closed. The single store that's left is in Bend, Oregon, presumably still alive for the sake of nostalgia.

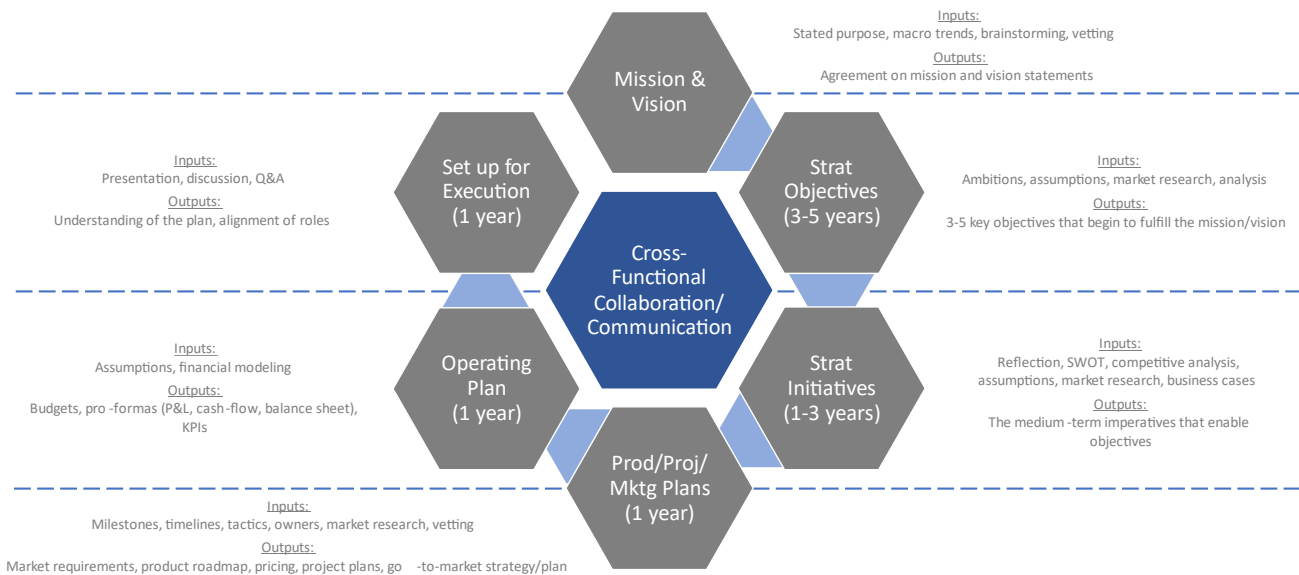
With continued advances in technology and Internet bandwidth/unlimited data plans becoming the norm in recent years, many, including Netflix, Amazon, the major studios, most cable companies and others have entered the online streaming services business, all but driving videotape and DVDs to the point of obsolescence. And in a surprise turn of events, several streaming services have made the migration from simply providing the traditional studios' content as rentals, to producing their own content in the form of movies, documentaries and ongoing series, forever altering the television and movie industry.

The lesson here is that the world changes each and every day, even if just a little. For those who pay attention and take action to meet the evolving needs of the market, there is a strong probability they will remain relevant and prosperous, but for those who don't, their business's future is very much at risk.

Growth in particular requires careful planning, experimenting, course correcting and tracking to succeed. It's a competitive world and to grow takes a concerted effort; one that isn't constantly consumed by the day-to-day tactics of running the business. Rather, growth requires planning for the future and achieving growth-oriented strategic milestones consistently. Said another way, "hope" and "status quo" are not winning strategies.

### **Recommended Approaches**

The strategic planning process takes months and involves a cross functional team to properly build and vet a plan that makes sense, can be understood and will drive results. With that, it's recommended that the process begins in the early fall, so that execution of the plan can begin immediately following the end of the previous year. In fact, many companies begin preliminary execution of the plan in December. Below is a snapshot of the recommended process at a high level, but keep in mind that there are many inputs and outputs for each phase and that there are tools needed to facilitate the right discussions and end-results, not to mention the importance of a single leader who can guide the process throughout.



Strategy starts with the mission and vision, because without these two components, the organization doesn't know where it's going and/or how it will get there. The mission is the organization's purpose and that matters to each and every employee who wants to wake up each morning and be excited about their work. The vision is about the journey, meaning how things will look as the journey continues. Think of it like you would a vacation; you want to know why (fun, relaxation) you're going and what to expect once it begins, right? How much time it will take, the places you'll stop and what you'll see along the way are all fair questions as you make your plan and it's no different with strategic planning.

Once the mission and vision have been clearly determined, communicated and most importantly, understood, it's time to begin gathering those who will be responsible for building the plan, keeping in mind strategy is a team sport. With "team" in mind, strategy should be informed by multiple perspectives, even if the strategic planning process is led by a single leader. At all costs, biased, narrow thinking must be avoided, which means the entire team needs to have a voice and be willing to debate the data and proposed direction. And, when it's obvious that data is missing, incomplete or off-base, the team needs to have the ability to say, "We don't know, but we're going to do some research to find out."

The leader of the strategic planning process isn't necessarily the CEO of the organization. In fact, it's often useful to assign the role of leader to someone who is without bias, an expert at facilitation, able to keep the team on-track and willing to hold people accountable for delivering on the milestones of their assignments. Often, this means bringing in expertise from outside the organization, a service that MarketWise for example, provides.

Once the team has been determined, there will be forming, storming, conforming and ultimately performing, but you can't rush that process. The forming–storming–norming–performing model of group development was first proposed by Bruce Tuckman in 1965, when he said that these phases are all necessary and inevitable in order for a team to grow, face up to challenges, tackle problems, find solutions, plan the work and deliver results. Tuckman suggested that these predictable phases were critical to team growth and development, which of course is essential to strategic planning.

With the team assembled and performing, it's time to move to the framework of strategic planning, which starts with determination of the strategic objectives. Strategic objectives are the big things that need to be

accomplished over the next 3-5 years, so that the mission and vision can become a reality. Common strategic objectives include revenue levels, market share and profitability.

Once the strategic objectives 3-5 years out have been determined, it's a good time to pause and conduct a situation analysis, meaning a period of reflection. This can include a lot of things, but normally focuses on the previous year's strategy (if it existed), progress made, gaps that have been identified, evolving market needs, competitive activity, technical roadblocks, a SWOT (strengths, weaknesses, opportunities and threats) analysis and identification of key assumptions.

Closely related to situation analysis is an understanding of macro forces, such as economic conditions, evolving trends and new innovations. For example, as of the date of this white paper, economic conditions are relatively strong and inflation has been tamed, but interest rates remain high. Although most economists predicted a mild recession in 2024, it's now looking like that won't happen. However, in anticipation of that (in 2023), many companies laid off workers, especially within the tech sector. Now that the economy is being viewed with more optimism, competing for workers may become more difficult this year. And, until interest rates come down, capital investment could remain subdued. There's also a lot of buzz currently about AI (artificial intelligence) and the impact it will have on productivity, product innovation and society as a whole.

There are many other factors to consider, but the point is to recognize what's happening around us and how that should impact the strategic plan, whether an opportunity or a barrier. It's important to note that in this phase of strategic planning, there's a high likelihood that additional market research will be required to work through all the questions that will come up and to feel confident that the strategic imperatives being recommended have been well-vetted.

Exiting this phase means the organization knows which medium-term strategic imperatives need to happen to enable achievement of the strategic objectives, meaning it's at this point when the team is introducing the recommended path forward and first draft business cases.

Examples of strategic imperatives include entering new businesses, developing new products and services, adjusting competitive positioning, rethinking the go-to-market strategy, establishing partnerships, acquiring companies and similar things that can and need to be executed to progress the strategy in a given year.

Once the strategic imperatives have been documented and agreed to, the next step is to assign owners and team members. From there, the teams can build out their project, product and marketing plans, including milestones, timelines and tactics. With this work underway, the annual operating plan can be constructed, which while mostly financial, takes a number of factors into consideration:

- Revenue forecast
- Development initiatives
- Hiring, raises
- Marketing (promotion) spend
- Sales commissions
- Other operating expenses
- Expected gross and net margins

When modeling the financials of the operating plan, there will be significant assumptions made, which should be vetted with research, including:

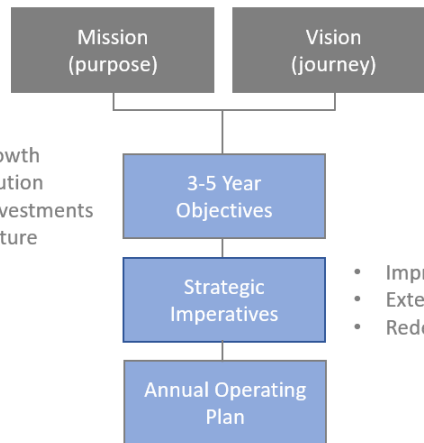
- Pricing
- Volume
- Customer type



Assumptions need to be documented, vetted and revisited continually, ahead of the plan year and each month that the plan is in effect. This sometimes necessitates additional market research, so that the plan is constantly being informed and adjusted by the best and latest information.

As an example of how the components discussed thus far fit together, consider Intel, which is one of the world's largest semiconductor chip manufacturers. Intel supplies microprocessors for most manufacturers of computer systems and is one of the developers of the x86 series of instruction sets found in most personal computers. Note that the verbiage below is from public sources and/or well-known methodologies and not confidential.

"We engineer solutions for our customers' greatest challenges with reliable, cloud to edge computing, inspired by Moore's Law."



"We are on a journey to be the trusted performance leader that unleashes the potential of data."

- Accelerate growth
- Improve execution
- Make great investments
- Evolve the culture

- Revenue
- Gross margin
- Profitability
- Cash-flow
- ROI

- Improving execution (people, process, predictability)
- Extending reach (product portfolio)
- Redefining position (solve customers' problems)

Not represented are a couple more critically important components: 1) development of the project, product and marketing plans (discussed above); and 2) communication of the strategic plan. Communication to all employees is crucial, because without it, people don't know what to do, or if they do, they don't know why they're doing it. This topic is visited in depth in *Executing to Win*, but for now, it's key to recognize that there should be a presentation of the plan, followed by a discussion and a Q&A that continue for as long as there are questions. In the end, it's essential that everyone understands their role and how it connects to achievement of the plan's strategic imperatives, strategic objectives and ultimately, the company's mission and vision.

**Conclusion**

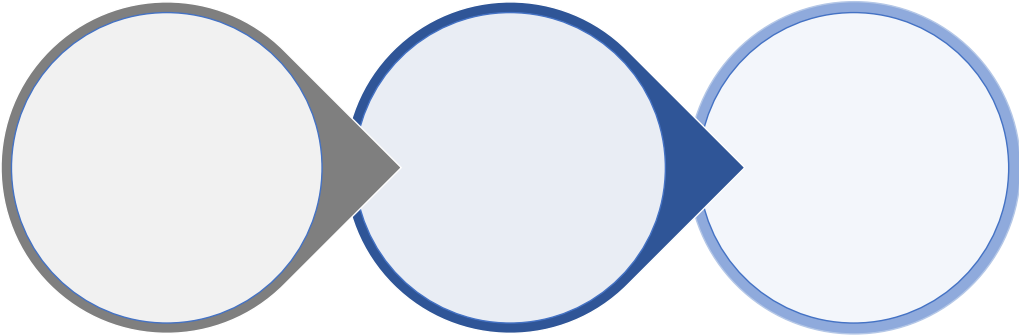
In football, to win the Super Bowl, it takes understanding the team’s mission and how it will be fulfilled, followed by a well-vetted plan and great execution, facilitated by leaders who motivate the team, keep it on-track and resolve issues as they come up. Strategic planning is no different; it requires great leadership, a well-vetted plan and great execution. While strategic planning does require time, energy and commitment, the risk of failure rises significantly when it’s not applied with rigor.

As stated in *Start with Research*, commercial teams have a choice; they can proceed with a carefully considered growth strategy that has been thoroughly vetted with market research, or they can proceed less cautiously and without a lot of external perspective. There are certainly examples of both approaches succeeding, but there is significantly more risk involved when proceeding with limited information and/or strategic thought; and in today’s investment environment, funding parties, whether internal or external, want to know that they’re not investing in something that depends on luck, versus a well-thought-out strategy that can be flawlessly executed.

**Appendix**

Within this section, you will find some of the more popular strategic planning tools. Contact MarketWise if you’d like access to editable versions (Microsoft PowerPoint template). Not included within are the Microsoft Excel-based financial templates (P&L, balance sheet, cash-flow, etc.), which MarketWise can also make available.

# Mission, Vision and Values





## Prior Year's Strat

Strat Initiative	Goal	Actual	Gap	Reasons	Mitigation



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## Situation Analysis (Current)

Product	Price	Channel	Sales	Lead-Gen	Economic	Financial	Competitive



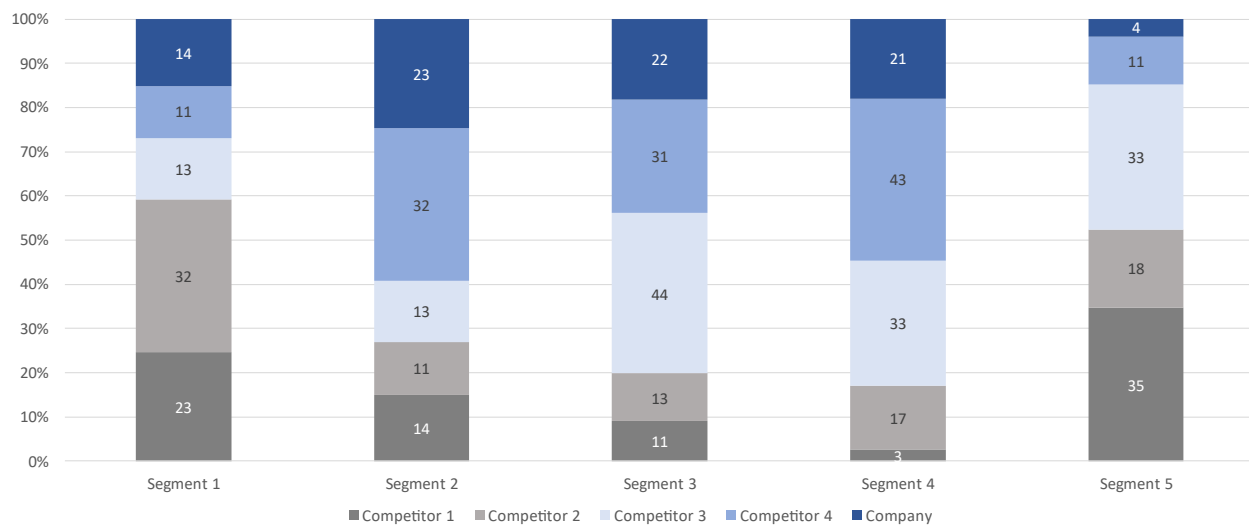
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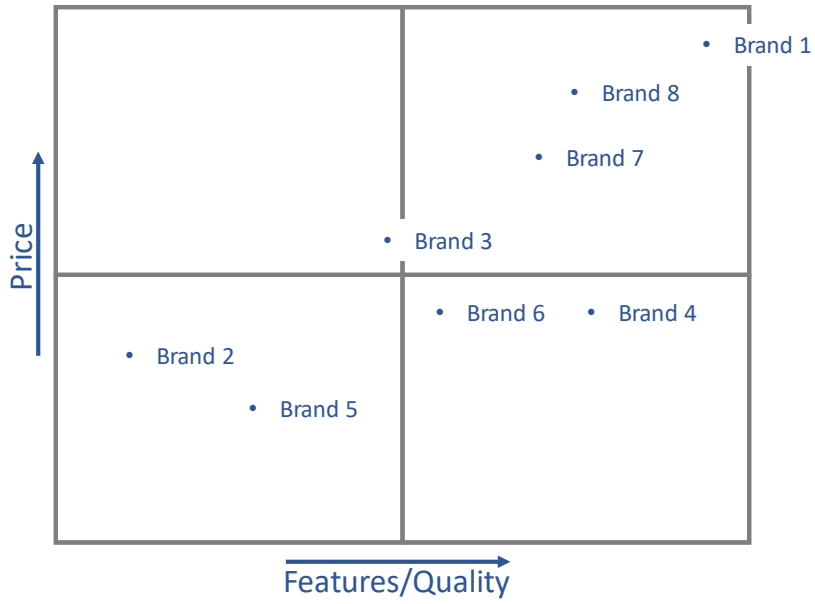
# SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>	<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>	<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>

## Ecosystem – Competitors and Size (in Millions (\$))



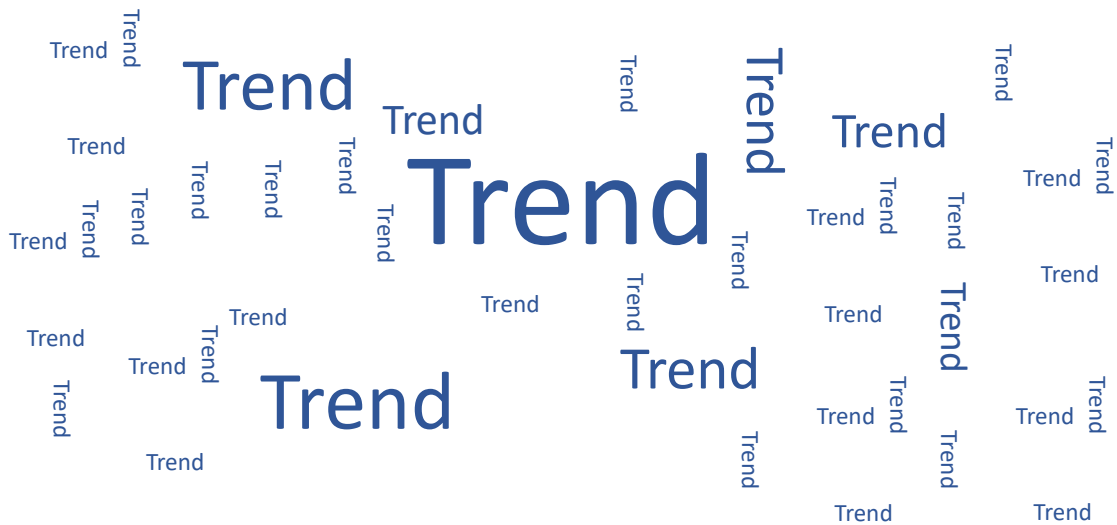
# Competitive Positioning – Price & Quality/Features



# Competitive Analysis – Competitor 1

Features	Durability	Warranty	Messaging	Pricing	Distributors	Geographic Strength	Future Plans

# Macro Trends – Word Cloud Exercise



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# Aligning Strategy with Macro Trends

Macro Trend	Potential Impact	Suggested Steps	Expected Outcome	Timeframe



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## Strategic Objectives – Next 3 Years

Objectives	Year 1 Progress	Year 2 Progress	Year 3 Progress	Enabling Strat Initiative(s)

## Strat Initiative 1– <insert>

Description of Initiative	Plan for Execution
<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>	<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>
Resources Needed	Financial Implications (summary)
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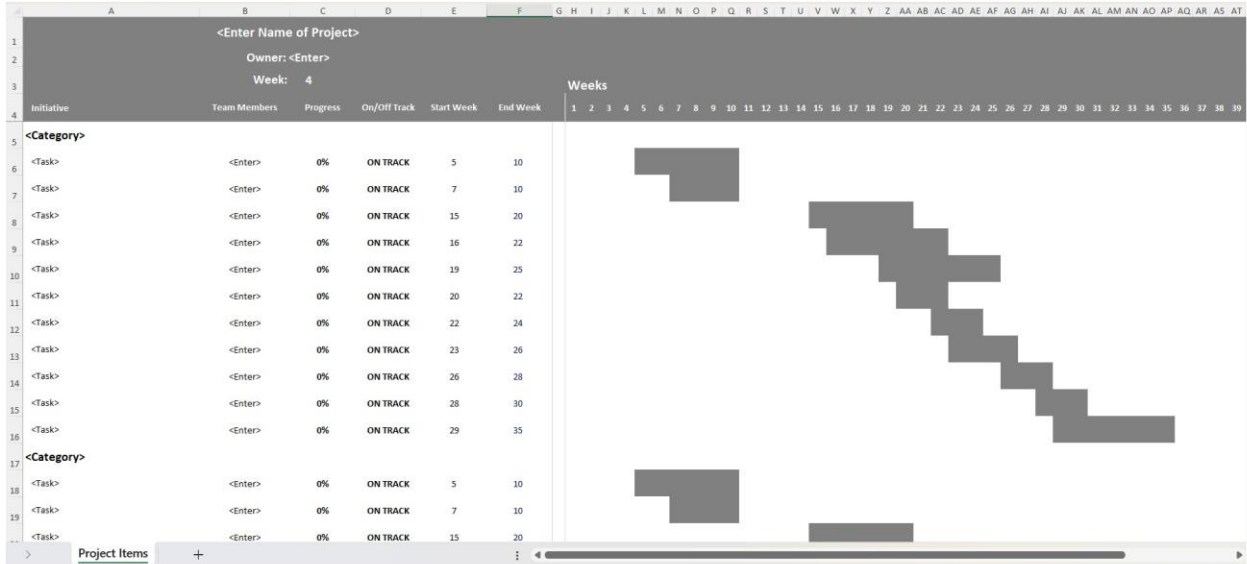
## Strat Initiative 1– Further Detail

<b>Team</b>	<b>Timeline/Key Milestones</b>
<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>	<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>
<b>Anticipated Roadblocks/Challenges</b>	<b>Resolution</b>
<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>	<ul style="list-style-type: none"> <li>&lt;to be inserted&gt;</li> </ul>

## Strat Initiatives Considered – Not Pursued

Objectives	Year 1 Progress	Year 2 Progress	Year 3 Progress	Enabling Strat Initiative(s)

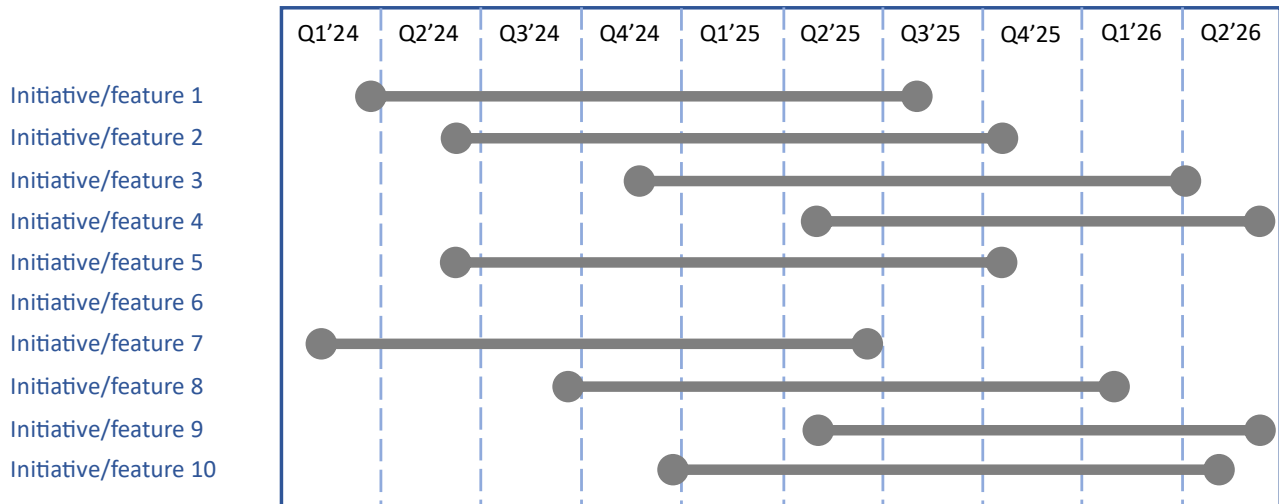
# Strat Initiative 1– Timeline



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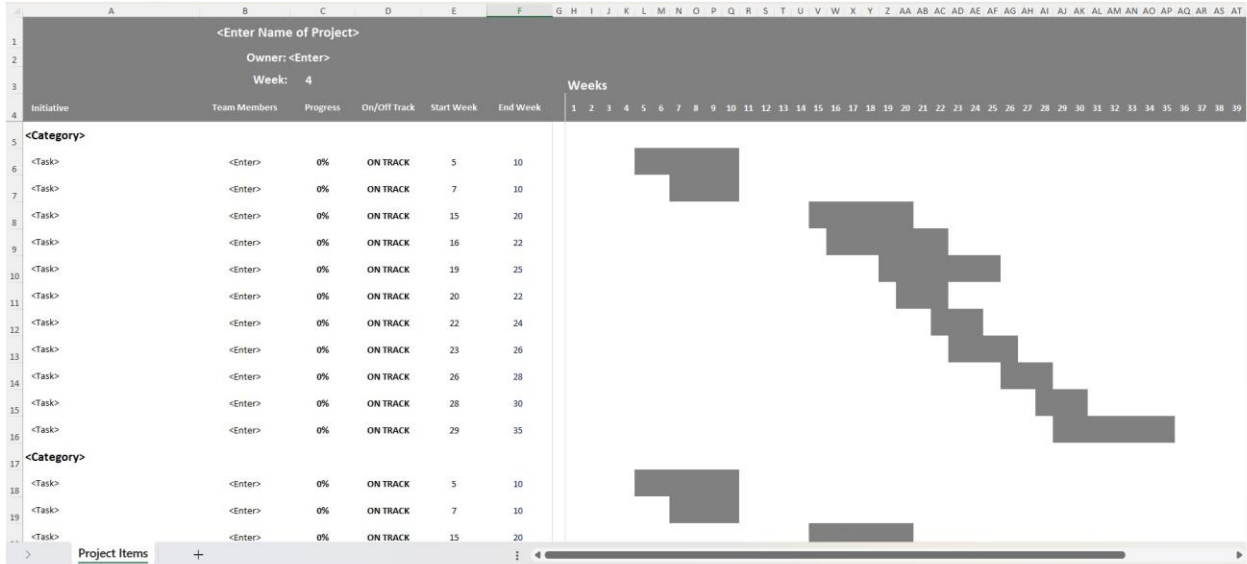
# Product Development Roadmap – 30 Months



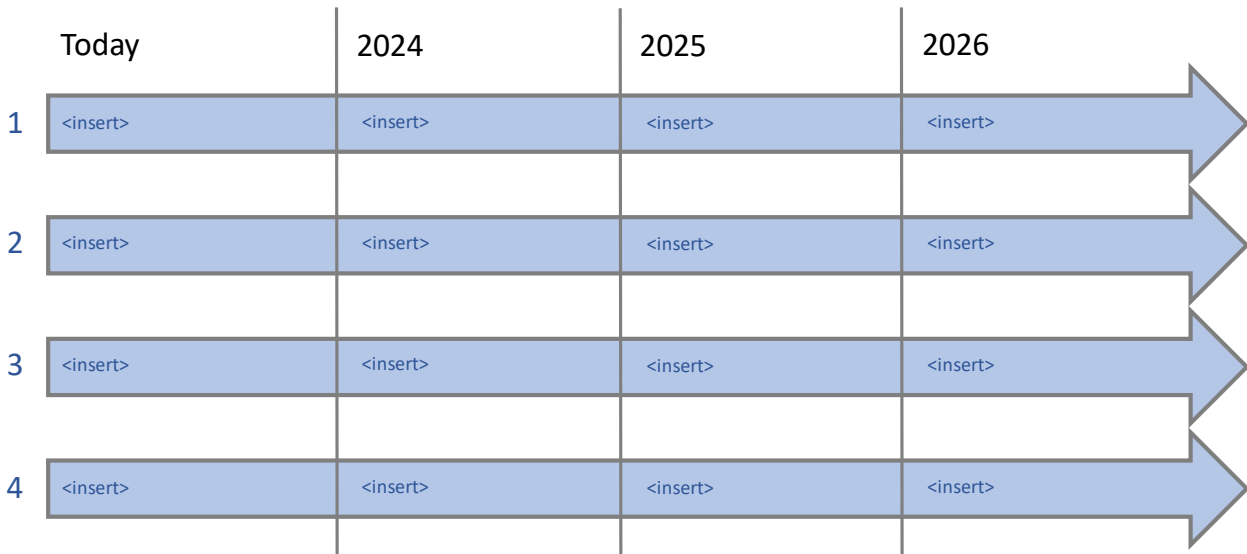
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# Project, Marketing and Other Plans



# Summary of Strategic Initiatives





# Matrix of Ownership – RACI

Initiatives	Responsible	Accountable	Consulted	Informed



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# Key Performance Indicators

## 2024 Strat Initiative KPIs

Owners: Leadership Team

Latest Update: 11/22/2023

KPI	Owner		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Revenue	<enter>	Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross margin	<enter>	Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBITDA	<enter>	Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash-flow	<enter>	Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



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# Root Cause Analysis and Action Plan

## 2024 Strat Initiative Roadblocks & Root Cause Analysis

Owner: <insert>

Problem Description:

Latest Update: 11/22/2023

(quantify where possible)

Symptom	Why	Why	Why	Why	Why	Root Cause	Actions	Owners	Start Date	Finish Date
<insert>	<insert>	<insert>	<insert>	<insert>	<insert>	<insert>	<insert action>	<insert owner>	<insert date>	<insert date>
Evidence:	Evidence:	Evidence:	Evidence:	Evidence:	Evidence:	Evidence:	<insert action>	<insert owner>	<insert date>	<insert date>
<insert>	<insert>	<insert>	<insert>	<insert>	<insert>	<insert>	<insert action>	<insert owner>	<insert date>	<insert date>
							<insert action>	<insert owner>	<insert date>	<insert date>



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