



Essential Strategy

A Tutorial for
Integrated Strategy, Risk & Resiliency Planning

A Wicked Smartsm Product from

black fox
Strategy

Essential Strategy



Why Strategic Plans *(and strategies)* Fail

Forbes Magazine

65% of organizations have an agreed-upon strategy

14% of employees understand their organization's strategy

Less than 10% of all organizations successfully execute their strategy

Why Strategic Plans *(and strategies)* Fail

Forbes Magazine Top 10

1. Having a plan simply for plan's sake
2. Not understanding the environment or focusing on results
3. Partial commitment
4. Not having the right people involved
5. Writing the plan and putting it on the shelf
6. Unwillingness or inability to change
7. Having the wrong people in leadership positions
8. Ignoring marketplace reality, facts & assumptions
9. No accountability or follow-through
10. Unrealistic goals or lack of focus and resources

Planning Issues Execution Issues

Strategy Re-Defined

A set of flexible but clearly defined decisions

based on business intelligence

that when acted upon

is expected to achieve the organization's mission

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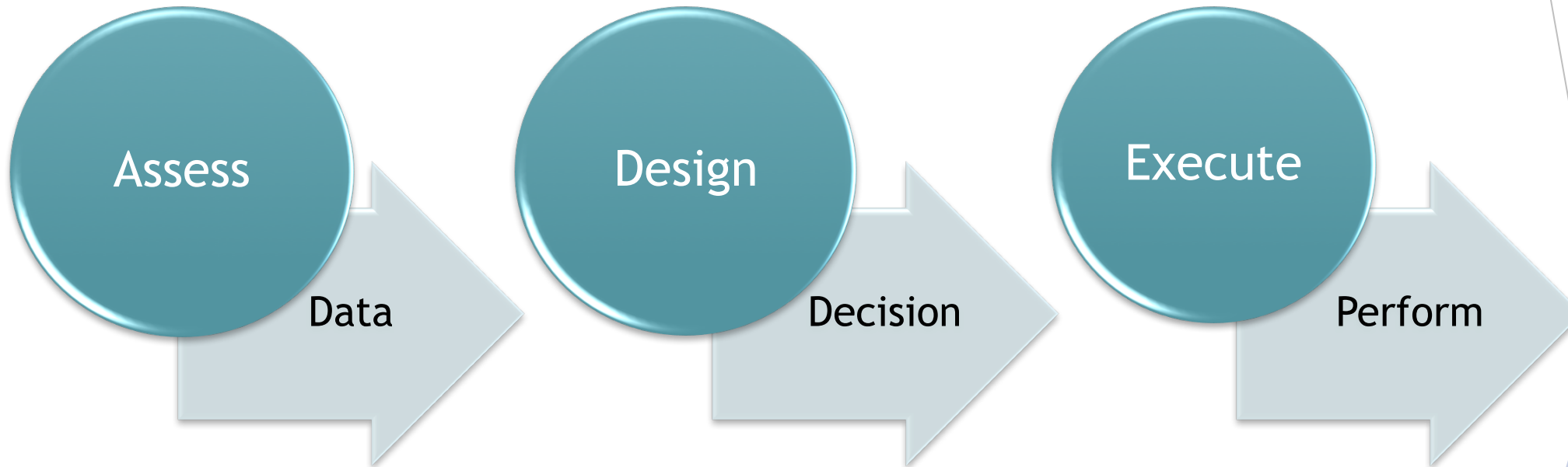
PURPOSE

SURVIVAL

GROWTH

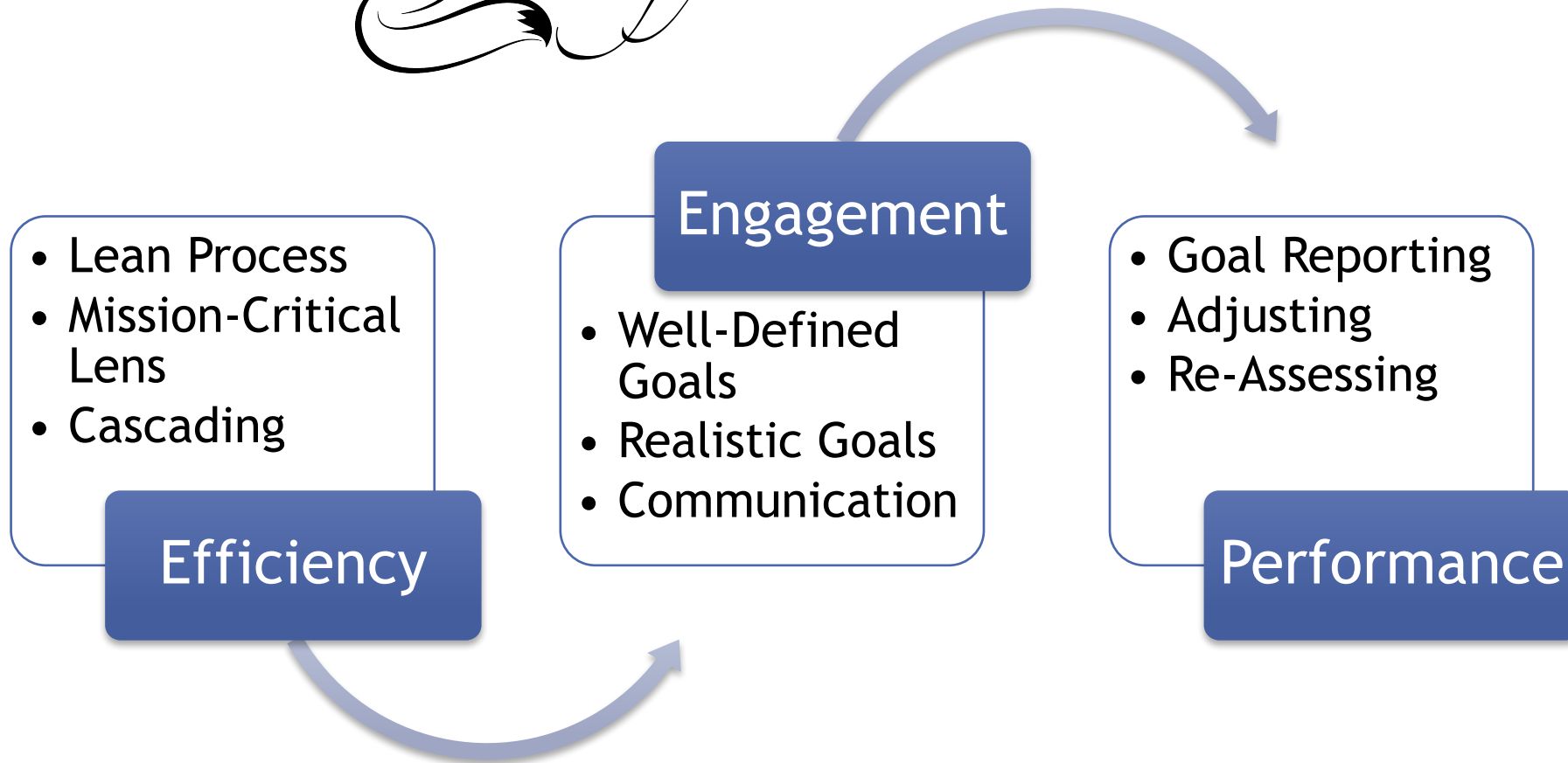
Design a Plan to
Execute the
Strategy

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Planning Process

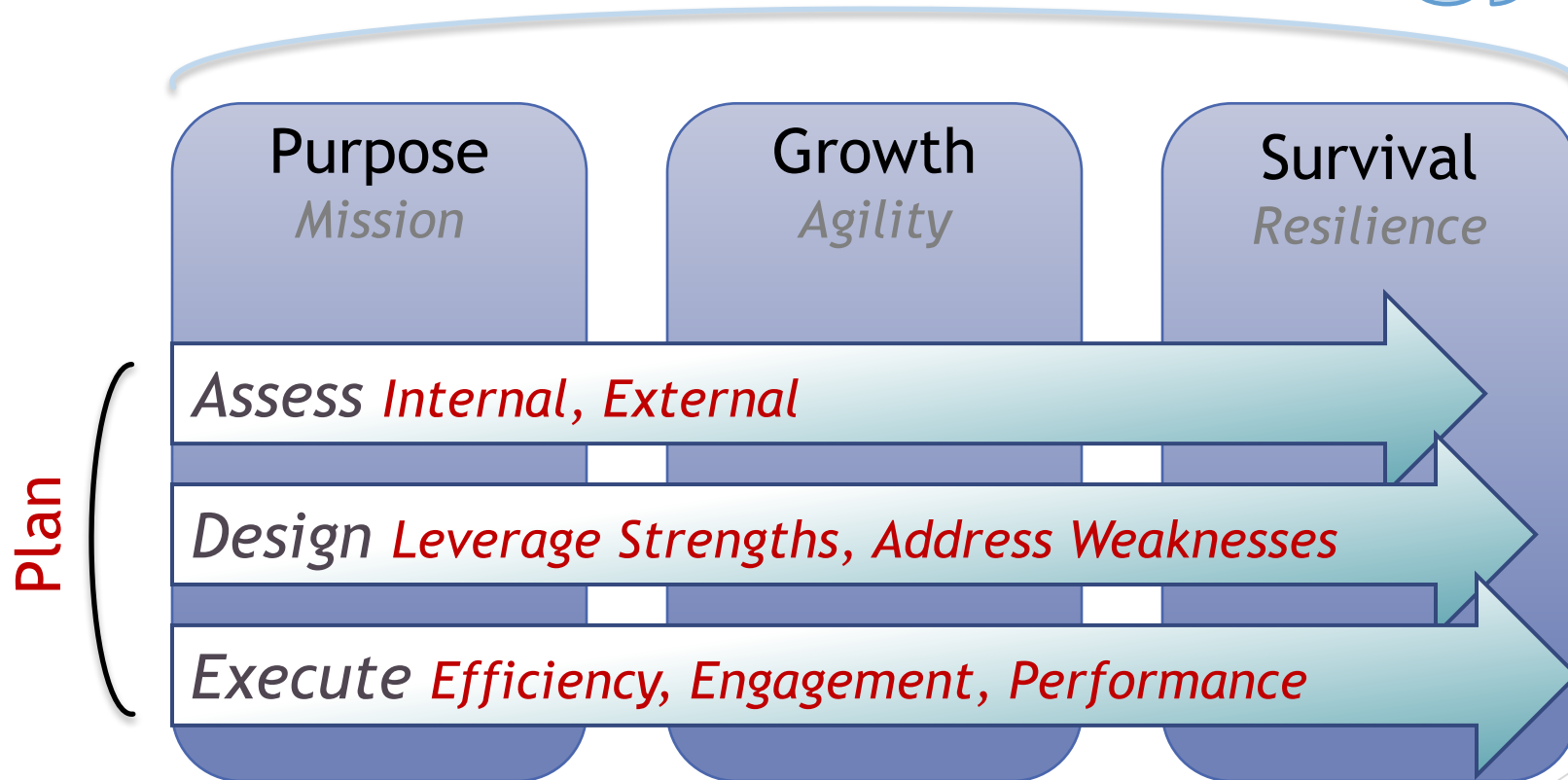
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Execution Critical Success Factors

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Strategy



Step 1 - Diagram

Purpose

- ❑ Assess ***Mission, Vision, Values***
 - Are they clear and easily understood?
 - Are we succeeding?

- ❑ Design
 - Has our Mission changed?
 - Does the business need to change?

- ❑ Execute
 - Clarify & Communicate

Step 1 - Charting the Course

Vision

- ▶ Where do we want to be in the future?
- ▶ What is our ultimate state?

Mission

- ▶ What are we here to do today?

Values

- ▶ What is important to us as we work?

Alignment

- ▶ Are we supporting our Vision & Mission with the work we do?

Measuring Success

- ▶ How do we know when we are there?

How Do We Define Success?

Commitment to tradition, heritage, culture, and respect for the environment?

Communal Benefits & Shareholder Growth?

Ability to Support (fund) our Mission?

Step 2 - Diagram

Growth

- Assess **Agility**
 - Market & Industry changes & trends
 - Internal Capabilities & Resources

- Design
 - Opportunities to Seize
 - Risk Appetite & Tolerance

- Execute
 - Align Decision Process
 - Identify Key Performance Indicators
 - Establish Emergent Reporting

Step 2 - Understanding the Business

Strategic advantage

- ▶ What makes us unique?

Core Competencies:

- ▶ What are we good at?

Market:

- ▶ What is our share of local business?
- ▶ Can we get more?

Competition:

- ▶ Who are they? What are they good at?

Industry:

- ▶ How stable/profitable/healthy is our industry?

Step 2 - Understanding the Business

Profit & Loss:

- ▶ Are we growing, shrinking or neutral

Margins:

- ▶ How much does it cost us to make money?
- ▶ How much should it cost?

Cash Flow

- ▶ Are we leaving enough cash in the business to operate sufficiently?

Risk Appetite

- ▶ How much are we willing to spend to build new business?

Risk Tolerance:

- ▶ How much can we afford to lose?

Revenue Portfolio:

- ▶ What is percentage total revenue from each business line?

Step 3 - Diagram

Survival

- Assess ***Resiliency***
 - Compliance & Governance
 - Continuity

- Design
 - Risk Capacity
 - Connect to Mission

- Execute
 - Risk Management
 - Business Continuity
 - Emergent Reporting

Step 3 - Understanding Survival

Risk Tolerance:

- ▶ *How much can we afford to lose?*
- ▶ Have we insured to cover intolerable loss?
- ▶ Are we overly dependent in any area?
- ▶ Have we addressed weaknesses?

Rainy Day Savings:

- ▶ How much do we need to set aside & how do we manage that savings?

Business Continuity:

- ▶ How do we keep operating in a disaster?
- ▶ Are our people, assets & data protected?
- ▶ How do we respond in a crisis?

Succession Planning:

- ▶ How deep is our management bench?
- ▶ Given team longevity, how long do we need to transition?

Training Recap



Board Roles & Responsibilities

Set the Course!

- Vision, Mission, Policies, Strategy

Assign the Crew!

- CEO Selection & Support

Track the Voyage!

- Review Financial & Operational Performance
- Ensure Strategic Performance
- Deliver Shareholder Value

✓ Duty of Obedience
(obey law)

✓ Duty of Care
(be informed)

✓ Duty of Loyalty
(good faith & sole purpose)

✓ Duty of Oversight
(engagement)

Roberts Rules Made Simple ©

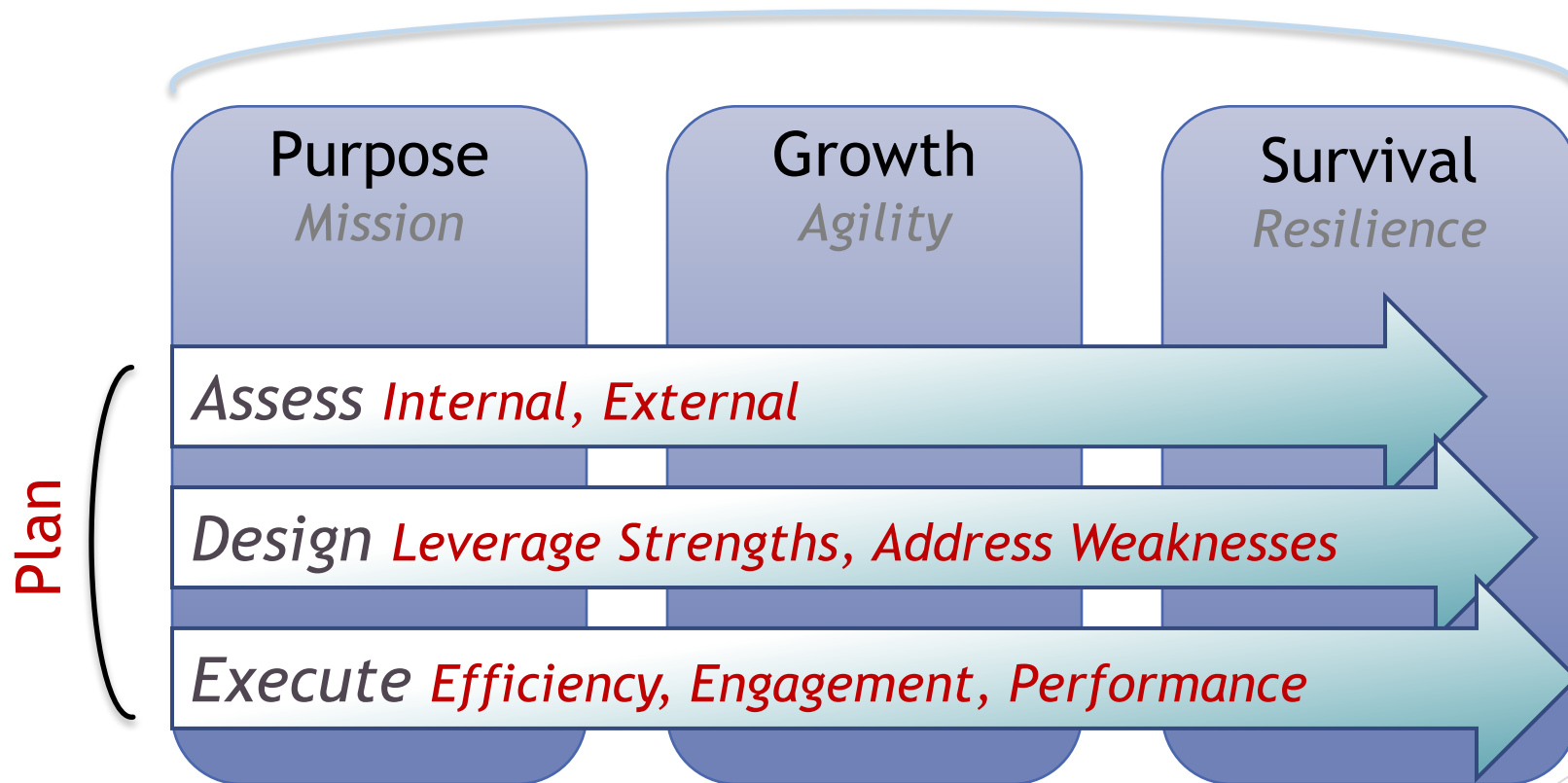
Orderly, well-organized meetings are:

- ✓ Efficient
- ✓ Productive
- ✓ Build Respect
- ✓ Support Team Building

Meeting Procedures
are easy and
effective!

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Strategic Planning Process



Assess

1. Review Mission, Vision & Values - reaffirm
2. Complete environmental scan* (internal & external)
3. Complete SWOT - top 5 only
4. Determine Risk Appetite & Tolerance
5. Review leadership staff experience and skills
6. Identify and/or reassess core competencies - no rigidities!

Strategic Planning Process

Design



1. Review prior plan goals - which were achieved and which were not and WHY
2. Define new or continuing Mission-Critical Imperatives
3. Validate Imperatives for **Purpose**
4. Confirm Strengths & Competencies required to succeed on **Growth** initiatives
5. Address with priority Mission-Critical Weaknesses that threaten **Survival**
6. Define what success looks like for each

Strategic Planning Process



Execute

1. Assess & align resources to achieve strategic goals that does not impair operational goals*
2. Cascade strategic goals with realistic, measurable tactical goals
3. Streamline reporting
4. Communicate plan & progress often
5. Define KPIs and KRIs and frequency for **Performance** tracking

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