



Achieving radical and sustainable improvement in top line performance

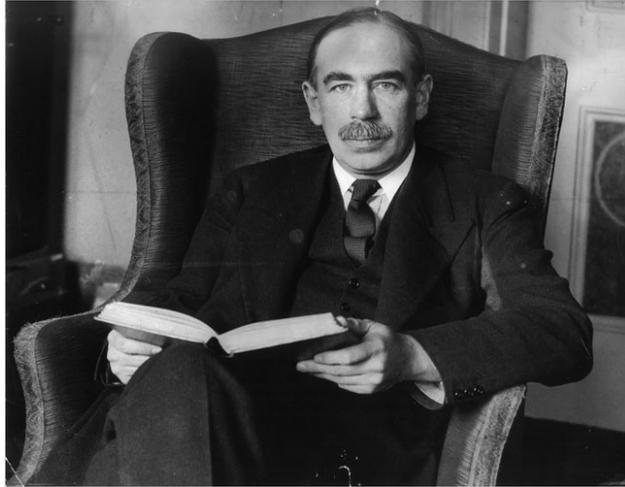
The Next Wave: Vaguely Right Strategic Planning



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The Situation:

At Kappa we often quote John Maynard Keynes who said "It is better to be vaguely right than precisely wrong." These words ring more true today than ever especially when organizations consider their annual strategic planning foray. While strategic planning and the notion of long range planning will continue to be an integral part of responsible management, it is time to substantially rethink the assumptions underlying the process to remain relevant. Below is a list of three common assumptions with our commentary.



John Maynard Keynes

Short Term vs. Long Term View:

With many of our clients participating in volatile marketplaces, what is the recommended time frame for strategic planning horizon? In the earlier days of Kappa, we typically crafted mission statements with a 5 year time horizon, however with the need for instant gratification and the implied impatience especially with public clients who think and live quarter to quarter, we have gradually reduced our time horizon for strategic planning purposes. We've gradually moved from 5 years to 4 years and to paraphrase the *Goldilocks and the Three Bears* approach to the "just right" 2 years (8-9 quarters out) time frame. It seems to be a stretching and realistic time frame and has "that feels right" answer. However, regardless of the time frame, the frequency of monitoring and evaluating the plan becomes a relevant factor for planning success. Breaking the old habit of planning as a yearly ceremonial process without the discipline and investment of frequent quarterly follow-ups is likely to yield disappointing results. *"A plan is a basis for change."Israeli Army*



Planning Team Size: Small, Medium or Large?

The question around who should participate in the actual planning process varies based upon an organization's culture and traditions. While it is rare to see a visionary leader define and dictate the future direction, the number of planning participants typically runs from 3 or 4 up to 2 dozen (or a number in between). The criteria that should decide who participates is more than an individual's title. We generally prefer

to invite participants who are acknowledged "thought leaders" in the business. Assuming thought leaders participate and buy-in to the planning process, they will have a far greater influence on the rest of the organization and will act as a catalyst/ombudsman to help sell the message. This tradeoff favors larger groups over smaller groups, promoting a greater exchange of ideas and opinions with the added bonus of buy-in when you achieve consensus.



Competitive Analysis: One or Many?

In fiercely competitive markets where you are trying to achieve competitive advantage (positive differentiation), which competitors do we decide to analyze and compare ourselves against? Our experience has shown that rather than doing multiple competitive profiles, it is more effective and insightful to pick the one strategic competitor that keeps you awake at night. The idea is that if you develop a competitive strategy to defeat your greatest threat preventing you from mission accomplishment, then the strategy to defeat this competitor will likely work against all competitors. Organizations that have one competitive playbook are more likely to succeed because of their ability to focus.



Long range strategic planning is as relevant as the goals, industry, market and management philosophy of the organization itself. What is important is that the plans be funded, be flexible and be able to go with the flow of the ever shifting winds of change in the market. A vaguely right plan led by a flexible, high energy and engaged team will always be better than a group of analytical types that are looking for the precisely right (or perhaps wrong) answer.

Next Steps:

If you have any questions on Vaguely Right Strategic Planning, please send us an e-mail at kappainfo@kappaeast.com.

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