STRATEGIC THINKING vs. EXECUTION PLANNING

by Verne Harnish “Growth Guy”
www.gazelles.com
It’s time to break apart a 50-year-old business tradition – strategic planning – and think about it in terms of two distinct activities: strategic thinking and execution planning.

I’m not sure why the two words, strategy and planning, were ever lumped together. And I’ve been as guilty as anyone for spreading this term among growth firms around the globe with our One-Page Strategic Planning document.

In reality, effective strategic planning requires two very different ongoing processes and teams if you’re going to generate the kinds of results worthy of the effort that goes into a serious planning process. It’s even more critical if you want to ignite growth.

DIFFERENT PROCESSES

Let’s revert back to Jim Collins’ simple framework in his classic book Good to Great. What his research concluded is that the companies that are able to go from average performance for their market to doing 3x better go through three distinct phases. They first amass the right team of disciplined people. These folks then engage in disciplined thinking. Finally, the team executes through disciplined action.
The strategic planning process must follow a similar sequence. First, it’s about the team. Though both strategic thinking and execution planning share some overlap in team members, the number of people and skill levels are radical different.

Second, the strategy piece of strategic planning is a more intuitive and messy process than execution planning. And without a strategy that differentiates the company from the competition sufficiently, you’ll quickly find you’re just executing a mess.

Third, once the core strategy is nailed, then the execution planning process can kick in. It’s a much more systematic and sequential process.

**STRATEGIC THINKING**

The fundamental strategy of a company isn’t something that can be decided through the consensus of a committee meeting offsite for a couple days. It’s a highly iterative process involving a few senior leaders intensely engaged with the market through regular customer and frontline employee interaction who carve out an hour or two each week to talk about a few critical strategic questions.

The necessary strategic thinking process is embodied in “The Council,” which Jim Collins describes in *Good to Great*. In my experience, the council is a subset of the senior management team – normally four or five executives including the CEO, co-founders, a key product/service designer, and the heads of sales and/or marketing. The key is choosing a team that has a deep level of trust so everyone can speak the truth and has a real interest in the bigger strategic questions facing the company.

The weekly meeting is typically informal and often occurs over breakfast or lunch. The main questions revolve around the 7 Strata of Strategy framework I outlined in a previous column. They have to do with market segmentation, brand promises, and different-
tiating activities. If you’re a Jim Collins fan, I am talking about discussions around his Hedgehog Concept of strategy. Additional topics include the 4 Ps of marketing: Product, Price, Place, and Promotion.

In the end, it’s about providing council to the CEO, who is expected to make the final decisions on strategy. Great leaders take organizations places they never thought possible. It’s also about declaring a handful of priorities for the next 12 months that align with the strategic focus of the business. For those using the One-Page Strategic Plan, it’s about discovering, discerning, and deciding what ultimately goes in the first four columns of the one-page document (on the left side).

**EXECUTION PLANNING**

While the strategic thinking team is doing its iterative work, everyone else in the company needs to focus on the most important priorities that will move the company forward the next 3 to 12 months.

It starts with the senior team setting revenue and profit targets based on sales forecasts provided by the sales organization. The senior team also establishes a handful of priorities for the coming year, and then works with their middle managers to do the same for their respective departments or divisions. These priorities are further broken down into specific quarterly goals. For instance, one objective might be increasing the close ratio on deals from 27% to 50% over the next 90 days.

These priorities are then further cascaded down to the frontline employees who, in turn, set their priorities for the next 13 weeks. Thus, everyone in the company is essentially “on the team,” driving execution planning. For those using the One-Page Strategic Plan, it’s filling in the last three columns of the one-page document (the right side of the document).
There are many more details that need to be filled in when driving a strategic planning process. However, the important first step is realizing that it requires two distinctly different teams and approaches.