# Achieving a *Strategic* Strategic Plan

*Strategic planning methodology and ISO 9001 share one common, important issue: the capability of a firm to undertake projects under consideration. Moreover, strategic planning maps the future, and aims the practice. ISO 9001 requires that planned growth, or change, is matched by resources, and provides the method for monitoring development of these resources.*

## Strategic plans map the future. The map, however, isn't the same as the territory. It's your unique interpretation of where you're going, neither a road atlas that details everything nor a broad brush conceptual overview.

Most of us fail in planning when we look only at the firm's projected revenues and expenses for the coming year. Others fail by studding the plan with generic platitudes about quality and growth. Almost everyone trips when planning to diversify, especially through mergers and acquisitions.
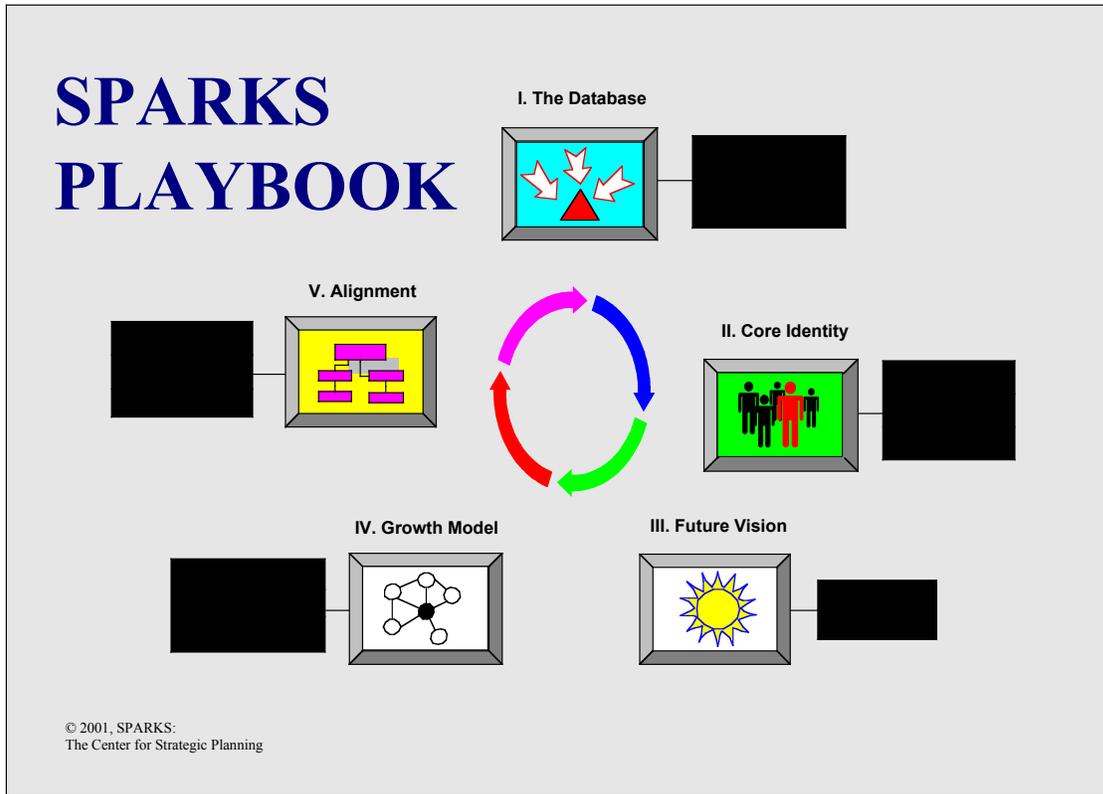
Most firms have one overarching objective for their planning: to create more value for themselves, their staff, and their clients. *The key in answering this question is to figure out how the firm can be really special - not just bigger.* My own benchmark of a successful firm is whether the client respects you enough to happily accept your (audacious) schedule and fee, and walk away feeling lucky!

Elements of this objective, creating more value, include the following:

- focus the firm's resources on the most strategically important elements of the enterprise,
- build a distinctive leadership position in the marketplace,
- align actual practice with vision and strategy, and
- enhance financial performance and rewards
- innovate something

What's the recipe for a high quality, potent strategic plan? I can unequivocally identify five central decisions every effective firm must make. These decisions represent levels of logic in the design of your company. They work in concert to identify where the passion is, what you can ultimately do with that passion, and how *specifically* to organize your firm to realize your dream.

We call this framework *The Sparks Playbook.*

**SPARKS PLAYBOOK**

I. The Database

V. Alignment

II. Core Identity

IV. Growth Model

III. Future Vision

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*Level I: Database:*
*Key Issues, Current Model, and Scenarios*

*Level II: Core Identity:*
*Strategic Positioning, Values, and the Value Proposition*

*Level III: Future Vision:*
*"Big, Hairy, Audacious Goal" and the Future Model*

*Level IV: Growth Model:*
*Prime Strategies, Investments, and Metrics*

*Level V: Organizational Alignment:*
*Role Refinement, Transition Phasing, and Progress-Seeking*

Good strategy requires real decisions.  At its core is choice – the choice to be exceptional.  And supporting the choice are the systems, structures, skills, and activities that bring it to life.  Good strategy makes your career worthwhile.

Creating a great firm, one that fulfills a dream of any choosing, is well within the reach of every practice owner.  What separates success from failure, however, is whether the firm's leaders are

willing to design the company – or not.   To be the executive designers *of the firm* is indeed a high calling and a lifetime career challenge.

# THE CATALYTIC DECISIONS

The beauty of strategic planning is its elegant framework for helping people to think through a worthwhile company direction, and then to purposefully make it real.  Although good strategic planning can be a very sophisticated process, this summary highlights five core decisions for design firms.  Each decision represents a level of logic in the ongoing process of company design.  Since these decisions are such strong catalysts to resounding effectiveness, we call them Catalytic Decisions.

### Catalytic Decision 1: The Why

Decision One kindles the fire, pinpointing the knowledge and motivation needed for decision-making.  Through the Issues Summary, Current Model, and potential Scenarios List, Decision One forms a program for meaningful, focused discussion.

### Catalytic Decision 2: The Who

Decision Two identifies who we are and what we stand for.  It coalesces the firm's Identity, in contrast with other similar firms. It establishes common ground with a Purpose for the firm and shared Values.  And it makes explicit the kind of culture the firm wants to create and the contribution it wants to make to the world.

### Catalytic Decision 3: The Where

The "big, hairy, audacious goal" or BHAG is a dramatic goal for the future, set in deliverable terms, and with a long time horizon.  It's the "end state" that galvanizes every current action and puts each investment into perspective.  The end state is painted in a Future Model, which visually depicts how the firm works when the BHAG is achieved.

### Catalytic Decision 4: The What

Comparing its images of success with its current model, the planning team sees the gap and devises the best strategies and tasks to close the gap. This culmination of the previous decisions is the Growth Model, a graphic depiction of the firm's future vision linked to action.
The Growth Model includes only the highest-leverage strategies and tasks that will achieve the firm's future.

### Catalytic Decision 5: The How

Decision 5 is about aligning the firm's resources, specifically people and money. Roles must be refined and skills added, budgets allocated and progress defined and supported.

**CATALYTIC DECISION 1: The Why**
*Defining the Database for Decision-Making*

> *"Perhaps we're like the oyster.*
> *We require a grain of sand to make a pearl."*
> *--Kenneth E. Anderson*

The reality is as Machiavelli once wrote: *"All motivation stems from discomfort, be it fear or ambition."* No one ever achieved anything in comfortable conditions. In fact, most achievers were highly uncomfortable at some point in their lives, driving them to action. Problems and ambitions coalesce energy -- they focus the beam like a laser.

Andy Grove, chairman of Intel, is a prime example. A child of the Nazi occupation in Budapest, he escaped to the U.S. with no knowledge of English. His struggle, vision, and disciplined strategy rewarded him well. In 1997, he was named *Time Magazine's* Man of the Year as the person most responsible for the digital revolution.

On an organizational level, the top three motivations for change (and thus planning) are: fear of destabilization in a leadership transition, poor financial performance, and the burn-out caused by intense growth.

No amount of "shoulds" will ever motivate us. Our best successes derive from whatever is inside us, providing that motive force. Don't be afraid to stir the pot.

## Creating the Issues List

Inputs can be gathered from many sources, and in as much depth as interest and resources allow. Good vehicles for building the idea-base are interviews with principals and staff as well as clients.

Sometimes firms get an overwhelming response to surveys and interviews. This reflects a great deal of pent-up energy, as well as confidence that the leadership will hear and act on the ideas being offered. To synthesize ideas into a clear, useful format, we organize information into three fundamental strategic systems:

> 1: **Getting Work:** *Markets and Marketing*
> 2: **Doing Work:** *Projects and People*
> 3. **Organizing Resources:** *Money and Leadership*

Thus, every comment is allocated to the three overall systems, and then within these to specific topic areas, and then finally to representative comments. The following chart provides fifteen typical topics for organizing input within the three overall strategic systems. Of course, each firm has its own specific issues and opportunities, and additional points should be generated to capture them.
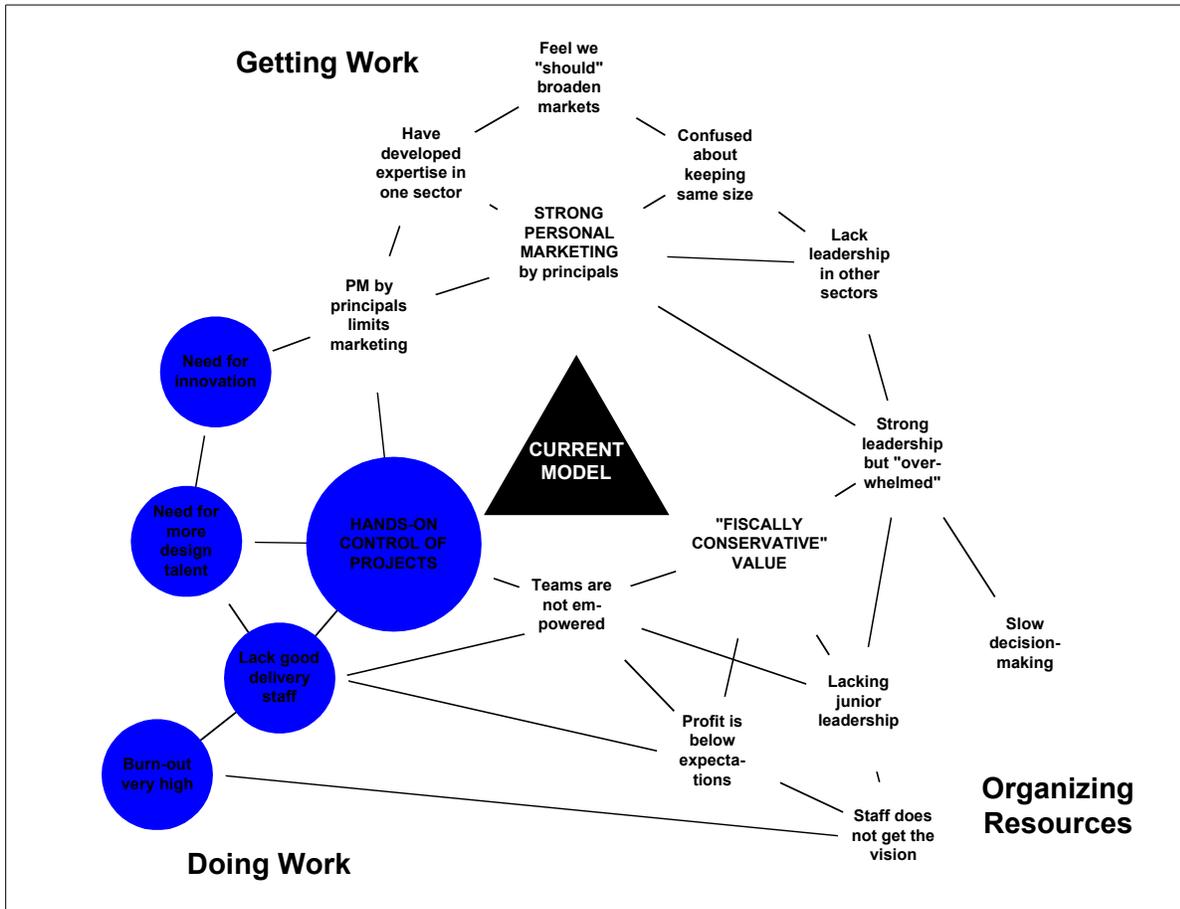
| Getting Work:<br>Markets + Marketing | Doing Work:<br>Projects + People | Organizing Resources<br>Money + Leadership |
|---|---|---|
| 1. Best Clients<br>2. Image and Message<br>3. Promotion<br>4. Pricing<br>5. Geography | 1. Best Projects<br>2. Innovation<br>3. Project Mgmt.<br>4. Staffing/ Mix<br>5. Learning | 1. Leadership<br>2. Ownership<br>3. Structure<br>4. Profitability<br>5. Information Systems |

The sample below is one firm's Issues List.  Note that the quotes were consolidated by the consultant, but can be consolidated by focus groups within the firm if desired.

| Driving Issues: The "hard questions" | |
|---|---|
| *System* | *Issue* |
| **Getting Work:** | **Promotion and Sales**<br>♦ "Besides the principals, motivated market leaders are not emerging. The two senior principals get all the work in the door, and are thinking about retirement." |
| **Doing Work:** | **Staff Mix**<br>♦ Staff isn't aligned with management's vision. We don't know if we should keep to the one sector we've focused on or diversify to accommodate the interests of existing staff."<br><br>**Lost our Cutting Edge**<br>♦ "We used to be at the cutting edge….remember our awards for design and energy-saving technologies? Now we keep our heads down and try to do things cheaper and faster." |
| **Organizing Resources:** | **Financial**<br>♦ "Burn out is very high at the management level. We need to control projects, but we don't have the staff to do the job right. We wind up doing the job ourselves, and losing money." |

## Creating the Current Model

One of the most interesting and useful devices is creating a "Current Model" from the list of issues. Like the proverbial iceberg, the firm's operating model is deep and unseen for the most part. Only if we probe below the tip of the iceberg can we gain an accurate insight into the structures, beliefs, norms, and behaviors that support the organization as it operates – both good and bad. To the extent that we become conscious of these elements – and their relationships - we can affect the firm's future reality.



**Getting Work**

Feel we "should" broaden markets

Have developed expertise in one sector

Confused about keeping same size

Lack leadership in other sectors

STRONG PERSONAL MARKETING by principals

PM by principals limits marketing

Need for innovation

CURRENT MODEL

Strong leadership but "over-whelmed"

Need for more design talent

HANDS-ON CONTROL OF PROJECTS

"FISCALLY CONSERVATIVE" VALUE

Slow decision-making

Teams are not em-powered

Lack good delivery staff

Lacking junior leadership

Profit is below expecta-tions

Burn-out very high

**Organizing Resources**

Staff does not get the vision

**Doing Work**

## Creating Scenarios

The third element of the database is the Scenario List.  Moving through the most energized issues, then studying their behaviors and relationships through diagramming the Current Model, we are then prepared to brainstorm alternative scenarios. Besides its obvious utility for analysis, identifying these alternative courses helps remove the process from a common quality pitfall: working to the most dominant individual's agenda.

| | *Energizing Issue* | *Potential  Scenario* |
|---|---|---|
| **1.** | Motivated market leaders are not emerging as desired. | Actively recruit (and pay) business developers to spearhead two important practice groups that are underdeveloped. |
| **2.** | Same | Acquire/merge with strong firm(s) to build these practice groups. |
| **3.** | Need more design talent | Hire world class designer and reshape the firm accordingly. |
| **4.** | Keeping innovative in our key market, while principals only have time for marketing and management. | Articulate and build the firm's innovative thinking process (its "edge") to be its unique value. May be shared across variety of niches. |
| **5.** | Burn out is very high. Too many facets to manage. Teams are not operating independently. No time for strategic thinking. Support teams for market leaders are not well developed. Poor profitability. | Downsize and focus the firm on premier, high-performance sector and niches within. Spin off other practice groups. Rehire appropriate staff selectively. |
| **6.** | Same | Design a more formal leadership structure, including a time-dedicated  CEO responsible for advancing the firm's future. |
| **7.** | Same | Maintain the status quo. |
| **8.** | Other | |

## CATALYTIC DECISION 2: The Who
*Agreeing on the Firm's Core Identity*

> *"We should take care not to make the intellect our god.*
> *It has, of course, powerful muscles,*
> *but no personality."*
>
> *Albert Einstein*

Identity, according to Webster's, is a "sameness of essential character in different instances, shown by a distinguishing character or personality." In organizations, it is composed of common agreement about what the group stands for, what it values, and what it rewards and penalizes. Identity, more than culture, implies a comparative - that the company is different from others.

Clear identity and a compelling vision are most of what you need for great strategy. These alone are guidelines for almost any daily decision. However, most firms skip right to vision without coming to grips with what makes them different. This is why our organizations struggle so much to create a "mission" people can remember!

Identity and vision, as defined here, are the quintessential elements of leadership. Without this heart and soul, firms are reduced to acting out one role*: reacting as best they can to market forces.* Although we've been inculcated in recent years to be flexible, to serve and respond to the client, many firms have gone overboard and abrogated their own uniqueness. The best firms, in fact, are driven first and foremost by a strong internal sense of distinction and contribution. With this clarity, they go into the marketplace well equipped to seek the right client base upon which to create productive and satisfying relationships – and build new value.

In the past, most strategic planning concentrated on two factors: improvements to operational efficiency and boosting volume. This preoccupation with "feeding the machine," stifles the creative spirit, and has led many to exhaustion. Approaching strategic planning mechanistically, like Charlie Chaplin's *Modern Times,* is the pitfall of many a planning effort.

Another conventional approach has been to focus on hot trends. While trends can be very important to fine-tuning a proposed direction, they are a weak source of identity and vision. The best firms are driven first and foremost by a strong internal driving force that tells them to be something special.

## Defining the Firm's Strategic Position

To help firms identify their uniqueness, we created the *Sparks Framework Assessment,* which is based on ten years of research into the most successful firms in the industry.

The framework itself is comprised of six cultural archetypes:

♦ The Einsteins
♦ The Niche Experts
♦ The Market Partners
♦ The Community Leaders
♦ The Orchestrators
♦ The Builders

Each archetype is defined by a set of distinctive best practices in twenty specific categories. The *Assessment* consists of questions that explore these twenty elements. Whether explicitly designed or implicitly held, each firm has a preferred position in these strategic areas.

Too often the organizational choices are in conflict, and this poor alignment leads to frustration and wasted time. For example we often see leaders looking for the best and brightest young staff, only to immerse them in a production capacity. We see principals who seek geographical expansion, and then must have control over all the details of the project. We see managers who wish for a formal training curriculum, but attain their value through their informal creativity. This mis-alignment of core identity and actual practice is a central reason for the design industry's struggle for respect and financial success.

The outcome of the *Assessment* is two graphs, consolidated from the choices of all principals, associates, and staff who have had input. The graphs array these choices into one or more of the archetype profiles, on a current basis as well as a future basis.



| | I Einstein | II Nicher | III Market Partner | IV Community Leader | V Orchestrator | VI Builder |
|---|---|---|---|---|---|---|
| Current | 6 | 19 | 64 | 43 | 8 | 39 |
| Future | 8 | 21 | 32 | 27 | 63 | 14 |

## Getting to Meaningful Values

Once the firm's cultural archetype is clear, values begin to take on more meaning and specificity. Poor quality often results when the firm tries to define its purpose and values without having done the foundational examination of identity. When the firm tries to hedge on these gut-level decisions, everyone loses commitment.

*Values and What They Really Mean*

Values are inextricably linked to personal life experiences -- often missing pieces or highly charged (positively or negatively) episodes. For example, years ago you may have started your firm working alone in the basement.  Today you have a strong drive for collaboration, fueled by that early experience.  You may have spent time with people who didn't always stand by their word, and today you have an overwhelming respect for honesty.  Look closely at what your culture elevates – it reflects strongly on the leadership's values.

Values also identify the deepest expectations members of the organization have of each other. It's essential to hold a frank and candid discussion of what each person's values mean, and then place them in perspective with the planning team. An instrument such as the Myers-Briggs Type Indicator can shed light on values, giving new insight and adding to a meaningful discussion.  At least two kinds of values operate in the firm - cultural values  and business values.

Through discussion, we glean the most compelling values, and build consensus on a few select choices. The debate uncovers discrepancies between desired values and actual (sometimes client-driven) values.  The selection process helps the firm explore these deeper issues, and determine what really matters.

*Cultural Values*

We see about 60 cultural values discussed in society routinely.  Of these, design professionals' favorites tend to be:

- Collaboration/Teamwork
- Creativity
- Environmental stewardship
- Prosperity
- Communication
- Integrity/Honesty
- Initiative/Courage

When selecting values, be rigorous.  Get good, working definitions, along with examples and stories that weave a depth of meaning.  Not only are they important vehicles to illustrate common ground, they give people a sanctioned vehicle to confront transgressions.  Most professionals are conflict-avoiders, and, consequently have plenty of room for straight talk to offenders.  Clearly, it's a help to be able to say, "Hey Jim, remember that we're committed to communication around here.  I understand that your team members feel like they don't have much information about the project.  Can we talk about this?"

See sample cultural values chart below:

**Sample Cultural Values**

These central values inform all our planning and daily decision-making.  Many other important values operate in the firm's culture as well, but these three are at the core.

*INNOVATION*
*We always seek better ways to do our chosen work, making original contributions wherever we can.  Creativity and innovation require "think time" to process and test new approaches.  They encourage personal growth as well, and provide an exciting environment in which to work.*

*COLLABORATION*
*By sparking ideas and learning from each other, collaboration leverages everyone's skills, and increases the potential impact of our joint resources.  It also increases our chances of implementation because of the inherent investment in a desired outcome. We recognize that we must carefully choose clients who share this same value.*

*PROSPERITY*
*Prosperity indicates a successful practice, one that is recognized by clients, attracts good staff, and is rewarded financially.  It also implies that the firm not only is successful, but continues to sustain its success.*

*Business Values*

After the firm's Cultural Values Statement is complete, we move next to its business values. In industry, notable business values include Nordstrom's radical customer service, Disney's impeccable operations management, and Sony's distinguished product innovation.

In the design industry, six business values predominate.  We usually let participants rank their choices, and then offer a weighted average result for discussion. The six business values are:

| Rank on a scale of 1 - 6 | Business Values |
|---|---|
| | **Innovation** -  Be great at breakthrough thinking, creativity, and originality of ideas. (correlates to Einstein) |
| | **"Product" Excellence** - Expand the state-of-the-art in our specialty, pragmatically applying new ideas from many sources. (correlates to Niche Expert) |
| | **Customer Intimacy** - Be the best at building long lasting relationships with key customers in our target market. (correlates to Market Partners) |
| | **Community Involvement** - Be the best at making deep personal and professional connections in our community. (correlates to Community Leaders) |
| | **Project Control** - Be the best at project management, with rigorous control of complex project elements. (correlates to Orchestrators) |
| | **Efficiency -** Be the best at managing volume work in a highly productive, cost effective manner. (correlates to Builders) |

It's difficult for most firms to select their top business value, partially because clients demand everything.  But the truth is that singular identity is the most potent force in value-creation. Perhaps counter-intuitive, it's a disadvantage for a firm to be known for too many things.  Here are the major reasons:

1.  Split image: From the client's viewpoint, it's confusing enough to sort out the many competing firms, much less one firm with multiple messages.  If you're known for restaurants, you can't possibly do a courthouse. And if the client can't figure you out, they can't select you (unless you buy the job).

2.  Culture: Most firms build a culture that supports a key business value by emphasizing a message and by hiring certain types of staff.  A home-town culture isn't going to attract niche specialists – or support them even if the best intention is there.

3. <u>Split resources</u>: Most firms find that they have neither the management infrastructure nor the resources to build strength in several areas simultaneously. Instead they find that building depth increases their leverage and effectiveness.

To a reasonable degree, you must be competent in all areas of practice. Every firm requires a solid baseline of all the business values in its work. But, the key to creating a respected, valuable firm is developing a special strength, a *distinction in the marketplace*.

## Translating Your Identity into the Client Value Proposition

The firm's top business value can be further developed into a Value Proposition. The value proposition answers the question *from the client's point of view*, "What is the most valuable, most distinctive aspect of our work?" It's what clients buy from *you* rather than your competition. Go beyond describing your features – push into client benefits.

Cast the value proposition in the client's voice. For example:

| The Value Proposition |
|---|
| *"These guys really know how to design a facility for high growth/high change companies like ours where technology plays a huge part in our success. They can organize a million complex elements into a clear picture, and then get it done like they were part of our in-house crew."* |

This value-statement becomes your "message." It's what you build all your internal AND external communications around.

If you prefer a more socially-responsible version, try crafting a purpose statement like those real-life examples below. Again, the features-benefits rule applies:

| Our Purpose |
|---|
| *"We are advocates of the public good. We believe in the value of the American justice system and are committed to participating in its improvement.*<br>----<br>*"We design working and living places that inspire and strengthen the social connectivity of community."*<br>----<br>*"We create enriched environments that empower people reach their educational objectives."*<br>----<br>*"We solve complex, challenging problems in the housing industry, through the creative use of our talent and technology."* |

**CATALYTIC DECISION 3: The Where**
*Crafting a Meaningful Vision*

> *"Be BOLD, figure out what you want to be.*
> *Your people need to plan their careers."*
> *--Ed Friedrichs, President, Gensler*

The number one characteristic of leaders is the clear sense of destiny they enjoy. This sense of destiny energizes effort, and brings groups above the realm of acceptable operations to real performance.

A powerful vision builds on firm's identity decisions and fans them into a preferred future. The "big, hairy, audacious goal" or BHAG is the device we use to symbolize that future. When the BHAG statement is crafted well, it galvanizes every current action and puts each investment into perspective. We couple the BHAG with a visual depiction of how the firm would operate under the accomplished target: the Future Model.

Note that we have forsaken the word *Mission*. The concept in its traditional sense is useful, as in "storm the shores of Normandy and free Europe," but in today's business practice it has been severely impoverished. When asked, very few individuals can recall their company missions because they are so benign and generic.

## The "Big, Hairy, Audacious Goal"

Once a firm knows what it stands for, the next step is to design a powerful view of what its leaders want to accomplish over the long term. This is the end state, or "Big Hairy Audacious Goal" – the BHAG - as coined by Jim Collins and Stan Porras in the landmark study of America's most enduring companies, *Built to Last*. Perhaps the single most energizing element of strategic planning, the BHAG acts as the lynchpin that translates gut-level values and purpose into the beginnings of focused, dynamic action.

The classic BHAG is: *"By the end of the decade, put a man on the moon and bring him back safely."*

Here's an example. In recent years, we've seen an increase in what we call the "52-year old sprint." Around this age, people begin to recognize their mortality. Taking stock of their careers and their firms, some decide to make a break. They seek to make their mark in a more creative way, without the baggage and bureaucracy of the existing organization. One recent breakaway sprinter formulated his BHAG: "I want to make an international contribution in what I know best (a certain niche), and I want to take home at least $350,000 per year doing it." His BHAG forcefully shaped his entire new organization, and in just a few years paid off handsomely.

Three basic requirements of a BHAG are:

- A clear finish line, cast as a deliverable
- A 10-30-year time horizon
- Considerable effort and a lot of courage!

By forcing the group's thinking into the future, the BHAG provides a structure to go beyond the mere mission statement. Because of its time horizon, it takes the heat off of current constraints and commitments (and excuses), and allows an unfettered view. Because of its audacity, it releases energy, forging a vibrant *espirit de corp.* Because it creates a focal point, it streamlines decisions, investments, and progress.

### *Four Ways to Generate a Bold Target*

There are at least four ways to think about a BHAG:

1) Common enemy, e.g. "Kill Coke,"
2) Role model, e.g. "Be the Harvard of the West,"
3) Qualitative or quantitative, e.g. $1/2 billion in revenue by 2000, and
4) Transformational, e.g. "be acknowledged as the best customer service organization in our industry."

Brainstorm your ideas in each of these dimensions, then discuss and debate the merits of each. Find the commonalities, and then craft it well. So that everyone understands this succinct target, we suggest some annotation, including highlights from the discussion, following the statement itself. Following are some real-life examples from firms in our profession.

### QUALITATIVE/QUANTITATIVE
- *"Create a new model for the design of community"*
- *"Win the AIA Firm of the Year"*
- *"Hit the front page of USA Today for our distinguished work in train station restorations."*

### COMMON ENEMY
- *"Run Ernst & Young out of our industry"*
- **"*By 2020, eclipse HOK Sport as the world leader in sports facilities.*"**

### ROLE MODEL
- *"Become the Intel of the educational market"*
- *"Be the Starbucks of prefabricated housing for the homeless"*

### INTERNAL TRANSFORMATION
- *"By 2005, be the first organization our clients think of for new generation info-tech services and products."*
- *Become a firm that thinks and acts globally."*

The BHAGs that don't have a clear finish line, above, need to be supplemented with them. For example, the company that "thinks and acts globally" will demonstrate this ideal with 25 projects throughout the world by 2015, with state-of –the-art technology (and communication technologists) to assist. Thus, the plan begins to unfold exactly to support the goal.

When Steven Jobs of Apple was recruiting John Scully as president, he had to fight Scully's fears about moving from giant PepsiCo to the fledgling start-up.  The question he posed is a good one: *"John, do you want to sell sugar water all your life, or join us and change the world?"* BHAGs should indeed be bold.

## The Future Model

To flow through what the future might be like having achieved the BHAG, we envision and then diagram how things will work. This ultimately becomes the Future Operating Model.

The more the picture is painted, the more tangible, and thus the more do-able it becomes in people's imaginations.  The more clearly we understand it, the more clearly we can communicate it.  All staff, in turn, can make daily decisions with assurance that they're pulling in the right direction.  They also need less "management" as a result of this clarity.

For example, we ask and answer questions such as "What kind of people and skills will comprise the firm?  How will we keep them motivated and productive?  How will learning take place?  What will communication be like?"  Write a meaty paragraph on each system, weaving in each topic and theme.

To give us a framework for creating the picture, we use three strategic systems and the topics framework described in Creating the Issues List.  Again, you are welcome to create your own framework as the firm's needs dictate.  If we plot these elements graphically, we mentally construct the future organization.

This depiction sets the stage for creating the Growth Model, which by definition is the agreement about ***how to fill the gap between the firm's current reality and its ideal state***. The Growth Model is the firm's path for implementation.

Following is the Future Model that corresponds to the previous Current Model example.
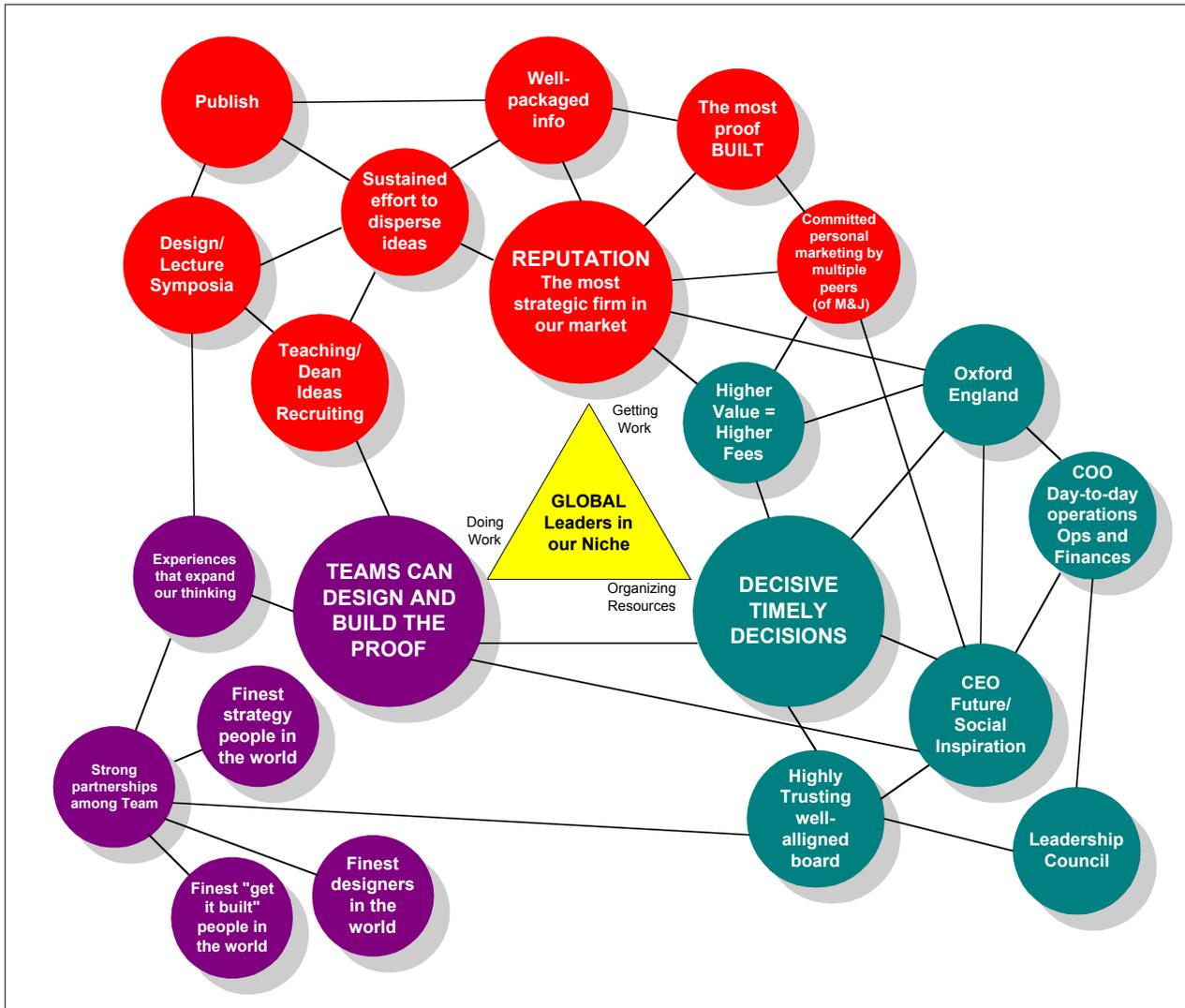
**CATALYTIC DECISION 4: The What**

*The Growth Model*

> *"Things which matter most should never be at the mercy*
> *of things which matter least."*
> *--Goethe*

Only when the previous levels of logic are included, that is, when the core of identity and the current and future models are clear, can a high quality, efficient course be plotted for growth. To plan otherwise is a waste of resources that inevitably results in disappointment.
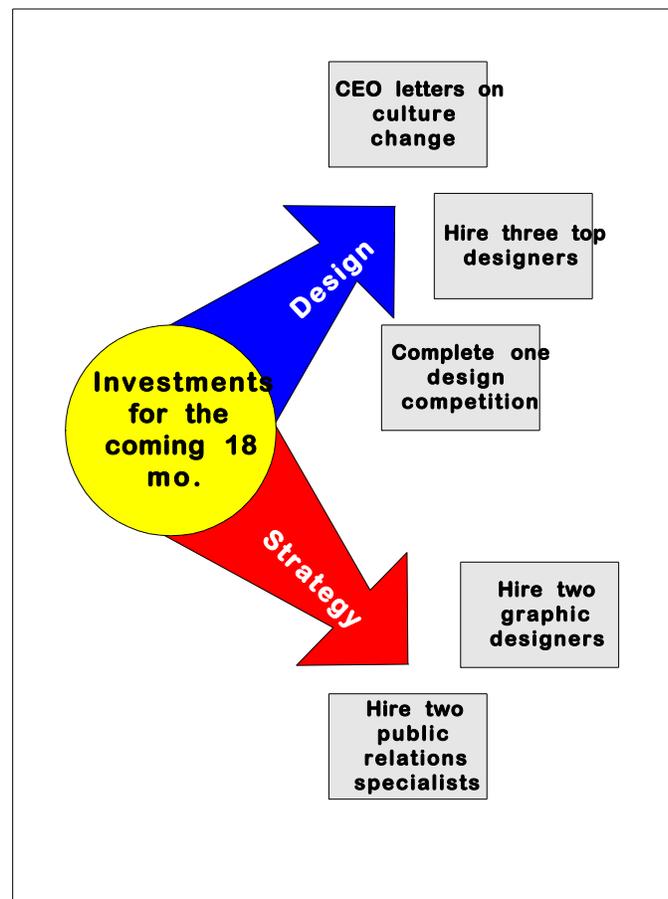
The Growth Model is a graphic depiction of the gap between the firm's current reality and its future ideals – the essential strategic plan. The Growth Model includes only the highest-leverage strategies and tasks that will achieve the firm's future. The result is an implementation structure that points to priorities, facilitates communication among stakeholders, and offers clarity in resource allocation.

## Prime Strategies

From its multiple images of success in the Future Model, the planning team chooses the two or three most potent to become prime strategies. Prime strategies are major initiatives targeted to achieving the firm's BHAG. They consist of the best ideas in each of the firm's three strategic systems, chosen for their high impact potential for meeting the firm's future vision. Prime Strategies are not a compendium of best practices; instead they are the best of the best practices for the firm as it wishes to operate in the future.

Our case study firm had twenty points in their future model. After discussion and prioritization, they agreed on the two Prime Strategies below:

1) Increase design talent
2) Build strategy work, i.e. planning, economic studies, user group facilitation, etc.

CEO letters on culture change

Design

Hire three top designers

Complete one design competition

Investments for the coming 18 mo.

Strategy

Hire two graphic designers

Hire two public relations specialists

## Keeping Score

It's hard to play a high energy game without keeping some kind of score. The score is an expression of your desired results.

Far from burdensome accountabilities, they help the team project their strategies into the future so as to fully understand and agree upon the implications of their initiatives. It's not uncommon for planning team members to agree with a given direction in concept, but then retrench when the targets and their measures are put on the table. The realities of say, leading a niche market, may require more change than the firm's leaders are willing to back.

Whatever the firm considers essential to attain should be looked at from the scorecard perspective. For example,

- If you want to compete with the best firms in your area of expertise, create a measure for how many times the firm is short-listed with the best.
- If you want to be known for sustainability, create an indicator that assigns a percentage target to those kind of jobs compared with your traditional jobs.
- If you seek high visibility, make targets for your speaking and writing effort.
- If you seek new niches, create a score that projects ideal niche and traditional market revenues.
- If you need larger projects, define target proportions in various fee ranges.
- If you want to improve staff quality, identify the number of A+ hires you need.

Don't default to conventional financial measures just because they're easy to capture. Although sound fiscal management is indeed healthy, focusing the firm's planning effort around dry statistics will sap the creative energy that is the root of making good things happen.

Select not more than three Indicators that reflect how you want to advance as a firm. Begin with a baseline of current year performance, and extend out to three-year projections of desired performance levels. Then add some approaches for how you will get these projections accomplished.

Don't make the mistake of thinking that these metrics must all be financial. In fact, your financial reporting should already be functioning to show a clear picture of your performance. More important, identify the really important strategic goals that need to be explored through the common language of measures. Truly, anything can be put into measurable language.

The firm in the example chose the following as a key performance indicator:

| Service Mix | '01 | '02 | '03 | '04 |
|---|---|---|---|---|
| *Strategy* | 5% | 15% | 25% | 25% |
| *Design* | 5% | 10% | 15% | 25% |
| *Implementation* | 90% | 75% | 60% | 50% |

**Best Strategies for Development:**
- Package strategy services
- Aggressively speak and write about strategy
- Actively recruit designers

## Investments

The entire plan is made concrete through investment-grade tasks, or what we call Investments. When clearly articulated, they directly link all prior levels of decision-making with action. Like investing in a college education or a technology stock, they require an expenditure of resources with the expectation of an increased future return.

Most strategic planners use the term "action plans," and experienced retreat participants tend to dread this part of the process. In fact, compiling a long *to-do* list can actually discourage implementation. Today's practitioners have overly full plates with their existing work. They don't need more time-consuming projects.

The term "investment," however, changes the paradigm. Because they *require* the firm's diligent attention, the planning team critically appraises them for their costs and benefits. After reviewing all the options, they pinpoint only the highest leverage investments that will have substantial impact on the success of the company.

In order to fund Investments, both in time and money, we use a simple pro forma outline. Investments are cast as distinct deliverables, including a sponsoring agent and a program description, as well as estimated timing, required resources – in time and money, and expected returns. This discipline, we find, yields only the most worthy activities. Be rigorous in accepting investments, striving not for good housekeeping but for impact. And always link these important investments to your annual budget.

Sample three-strategy Growth Model.
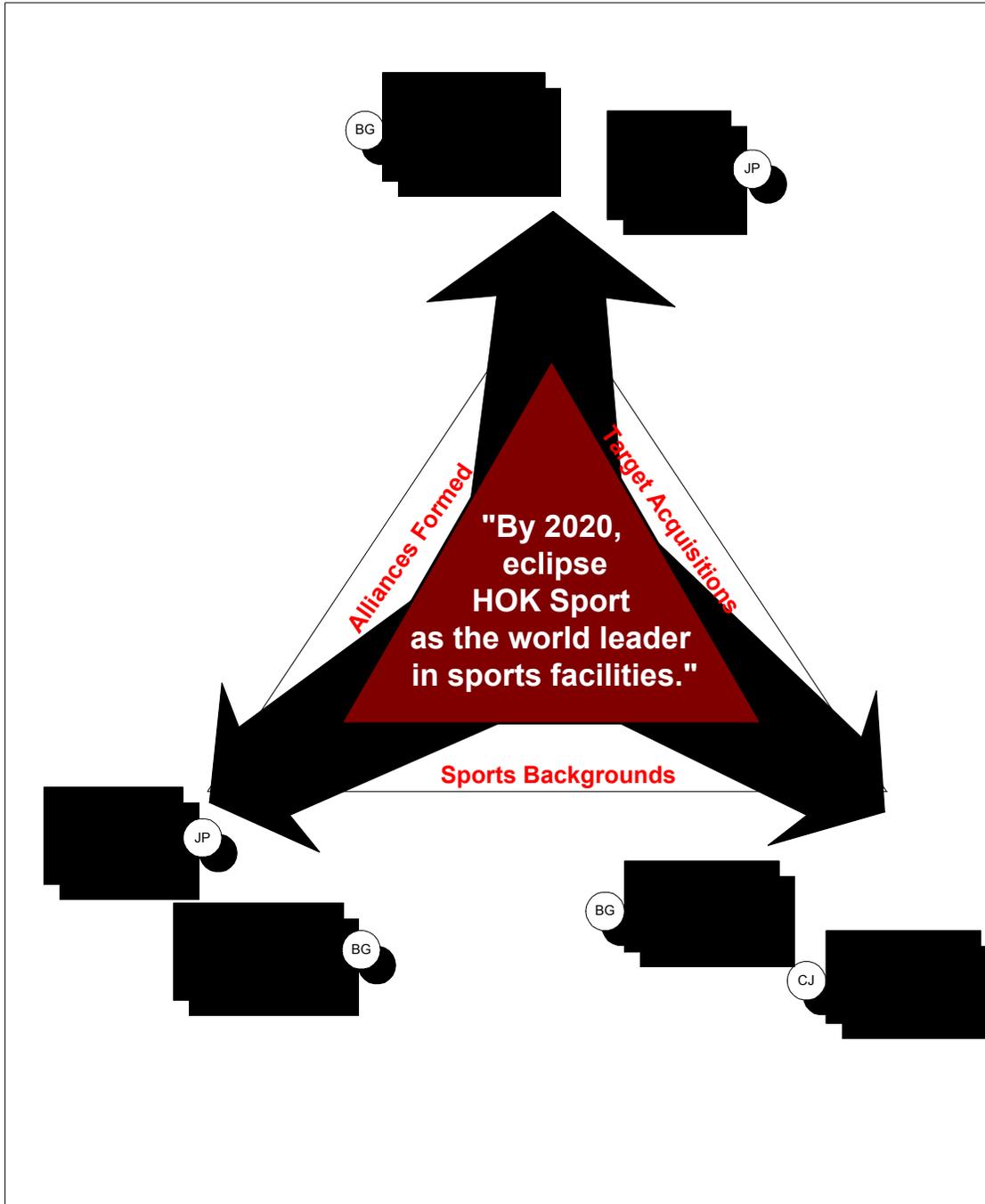
The sample firm identified five Investments for the coming 18 months. For each Investment, a work plan can be useful to think through each task and the milestones of progress. It also helps during the Alignment phase when reporting out to your planning team.

**Investment**_____

**Objective**_____

| STEP | LEAD | RESOURCES | WHEN | % COMPLETE |
|---|---|---|---|---|
|  |  |  |  |  |
| *Comments* |  |  |  |  |
|  |  |  |  |  |
| *Comments* |  |  |  |  |
|  |  |  |  |  |
| *Comments* |  |  |  |  |
|  |  |  |  |  |
| *Comments* |  |  |  |  |

## CATALYTIC DECISION 5: The How
### *Aligning the Organization*

> *"Seeing strategy in terms of actions only makes it clearer why organizational structure, systems, and processes need to be strategy-specific.*
> *--Michael Porter*

As we all know from experience, lots of plans get shelved. Why? Because the organization still functions as it always did. Everyone still sits in their same seats and does the same work. The key to successful strategic planning is to align the organization with the vision – in faithful but sensible stages.  This means that the firm's resources, specifically people and money – must be aligned to the plan.

## Role Refinement

Most firms must take a good hard look at their organizational structure to ensure that the required functions are in place.  And most firms, by definition, will need to refine roles and relationships to fit the future rather than the present.

Every firm will need its own design. However, again, certain structures will fit certain firm cultures and archetypes, depending upon your desired future. The key is to flow through roles, responsibilities, and relationships.

Whether the individual is identified by title or not, the functions must be accomplished. Most firms need at the least a good definition of these roles:

CEO
COO
CFO
Principals
Project Manager
Designer
Teams, Studios, or Practice Groups
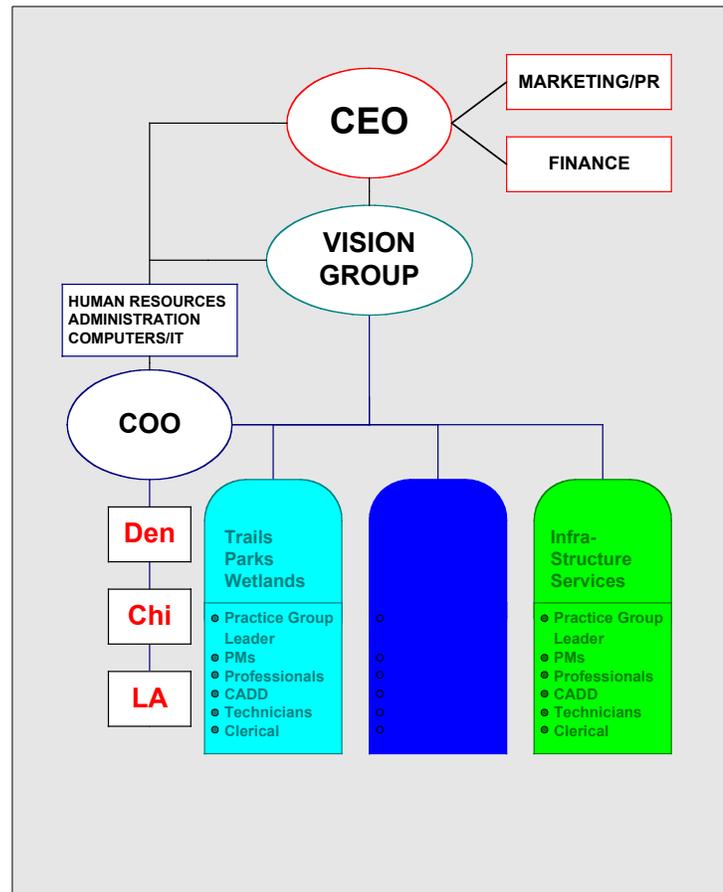
## Transition Phasing

The transition from current reality to the future is necessarily uncomfortable. However, it can be planned for in monthly or yearly increments.

The most difficult part, however, is transitioning staff who no longer fit the vision. Issues of power arise, as in weakening someone's cadre of assigned staff. Issues of friendship arise as well, but the worst is when a sense of paternalism muddles the firm's thinking. Truly no employee will be happy when the fit isn't right, and you are only delaying the chances of the employee finding a better fit with another organization. Most firms don't consider the opportunity cost of keeping the poorly fitted staffer when a better match can be made all around.

## Progress-Seeking

You've used time, you've spent money, and you've raised expectations. The rewards will be there under one condition: if you follow through.

The rewards, proven time and again, are great clients, highly motivated staff, challenging work, and financial success. The penalties for inaction, however, are: cynicism among your staff, waste of limited resources, and perhaps diminished self esteem among the leadership.

### Farming

It's essential, then, to proactively design an execution program. Like a farmer who's planted the best plant materials, you must feed, water, and weed if you expect results! Any new initiative will die unless it continues to be nurtured.

Toward the close of planning, the team should design a process for reconvening to support action. A well-organized Progress-Seeking program offers a mechanism for enabling energetic execution, rewarding individual effort, and communicating results to staff. Elements include: who will spearhead the effort, when meetings will occur, who will attend, how will the meeting be organized, and what provisions will be made when attendance isn't possible.

A good sample follows:

# Progress-Seeking
## Management of the Plan

*Why:* So we can keep the energy up, stay on track, and get it done!

*Who:* Don to spearhead, Jim to manage logistics

*When:*
- Monthly dates for actions
- Quarterly dates for goals
- Semi-annually for interim retreats
- Annual strategic planning retreat

*How:* We take this investment in our future seriously. We will:

- Respect standing dates
- Appreciate accomplishments
- Support those in overload
- Don will do a monthly memo reminding managers of immenent action plan due dates
- Mary will report on HR initiatives
- Jean will report on Marketing initiatives
- Bob will report on Financial initiatives
- Appreciate accomplishments

*Policies:*
- Proceed on agreed dates with quorum of seven or reschedule
- One week in advance, individual action program champion to send progress status and prognosis memo, along with any handouts to Jim
- If any member must cancel, he or she is to report progress to another Board member for them to present at the meeting.
- If any meetings are to cancelled, they should be rescheduled immediately

*Updating Staff:*
- Greg will manage the lunchroom chart of "A" priority action items, along with a monthly update of status
- Don will report progress in staff meetings

*Communicating*

If they are not in the strategic planning meeting themselves, staff members will be *very* eager to hear about decisions made in the firm's strategic planning retreat – decisions that will affect them personally.  As a concluding element to planning, set aside 30 minutes to prepare a list of talking points to share with staff.  Then continue to keep them informed of progress via president's memo, bulletin board notes, or newsletter.

*Documentation and Summary Materials*

One of the goals of strategic planning is to establish common ground.  To this end, full documentation is essential so that everyone is clear about the decisions and agreements of the plan. Further, when preparing for the next round of annual planning, no one can be expected to recall last year's events, nor can they be expected to reinterpret copied flip chart notes.   You may also benefit from a summary brochure for wider distribution.  This is an excellent way to convey your vision – without great detail - to key clients and alliance partners.

## IN SUMMARY: FIRST THINGS FIRST

Many firms neglect the first law of integrity: knowing one's identity and what's most important to accomplish.  Many firms chase whatever opportunities arise, slavishly service clients, and find themselves in a never-ending rat race.  To create respectful partnerships with clients, firms must be worthy partners – strong players who know their stuff.  The best clients respect firms that will listen, of course, but will then *lead them* to their desired outcome.

To reach this position, firm leaders must compose their organization with care – and continue to nurture it - so as to attract the right clients and staff, and to offer distinctive value to their chosen clients.  Strategic planning is the way to focus on this composition.  It is the path to making careers meaningful, worthwhile, and rewarding.

*(sidebar)*

## Success Stories: What Strategic Planning Can Do

### Creating a Design Identity

A West Coast architectural firm, known for its vanilla work and aggressive marketing, aspired to be a fine design firm. Through strategic planning, they reinvented the firm with aggressive pursuit of design competitions, hiring design-oriented graduate architects, and an office re-design. As of today, the firm has won ten international design competitions, including a new airport in the Far East.

### The Entrepreneurial Culture

A Midwestern engineering firm had lapsed into a tired bureaucratic culture through its practice of hiring former state agency staffers. To infuse entrepreneurial spirit, the strategic plan called for a visionary principal in the president's role, an aggressive hiring initiative, a targeted acquisitions program, and a new compensation structure. Today they are a national player in program management.

### Smooth Ownership Transition

An East Coast urban design firm saw trouble when the CEO announced his future retirement plans. Of the eight second-tier managers, none was prepared for the top role. Through strategic planning, the firm created a set of "mini-firm" studio teams with assigned principals, performance goals, incentive compensation programs, and training for those leaders. Two excellent candidates for president emerged. One was selected for the top strategic-external job, and the other for a well-defined internal-operations *co-leader* job.

### Carving a Niche

A Southeast interior design firm competed poorly as a local, generalist practice. With good planning, the firm chose to focus on one clear niche that they loved: resorts. By hiring strategically, including economic and operations experts, and launching a creative positioning campaign, they now enjoy a thriving niche practice with clients around the country.

## FOR MORE INFORMATION

Ellen Flynn-Heapes has written extensively on the subject of company strategy and practice design in *Creating Wealth: Principles and Practices for Design Firms,* and *The Sparks Framework Assessment: Charting Your Preferences.* (These are available through SPARKS: The Center for Strategic Planning at www.ForSparks.com.)

She is currently working on a new-generation strategic planning manual: *Making It Real: A Strategic Planning Playbook for A/E Business Design and Transition.*

For a more detailed discussion of BHAGs, see *Built to Last: Successful Habits of Visionary Companies*, by James C. Collins and Jerry I. Porras, HarperCollins, 1997. For more on purpose statements, see *Say It and Live It*, by Patricia Jones and Larry Kahaner, Currency/Doubleday, 1995. Other recommended works on strategic planning include the classic text by George A. Steiner, *Strategic Planning, What Every Manager Must Know*, The Free Press, 1979, 1997.

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