Strategic Planning

A Management Engineering Presentation
for planning and initiating Strategic Planning,
and managing the planned performance to completion

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The Management Upgrade Shop

This is a management engineering presentation for strategic planning. It addresses the application of the basic art and science of management to the performance of strategic planning efforts. This entails the addition of Strategic Vision and management planning to the way we now perform this function.

Management engineering is the engineering application of management arts and sciences to the problems of gaining performance through the efforts of others. It is unique in that it approaches management as work that must be accomplished for effective business performance. Strategic planning becomes a senior manager effort.

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Management Engineering is:

- basic Industrial Engineering applied to the work of management and internal support.

- the art and science of gaining performance through the operation of organizations.

Management Engineering accomplishes for management and internal support, what Efficiency Engineering accomplished for production work.

In the early decades of the 20^{th} century, Frederick W. Taylor and others established a "Scientific Management Movement." This Movement was the effort that changed the 19^{th} century boss into the modern foreman. It accomplished this through training foremen to be more effective managers. This Movement was the foundation for the development of industrial engineering. It also stopped with the foreman, and left higher-level management untouched.

Management Engineering is the continuation of that early Movement, this time with the lessons and techniques that have been developed over the many decades when industrial engineering has been effective. Management engineering is the application of scientific management principles to the performance of management and internal support.

Management Engineering shares information with Management, but looks at the principles and processes of management with concentration of performance and efficiency. It differs from general management by being more directed to specific actions to meet identified requirements than to the day-to-day assurance of organizational performance.

I am giving this presentation as an investment. I have made representation that there is value to be gained for those who receive it, and I am making it available for a price. A substantial part of that price is the time of people in receiving this presentation.

Investment is one of the foundation concepts for management engineering, and this presentation was prepared as a part of management engineering. There is to be an intelligent investment, founded upon a reasonable expectation of costs to be incurred, and benefits to accrue from receiving the presentation.

In this case, there has been little attempt to reach into strategic management practices to identify specific benefits to gain. These will vary widely with the individuals who will be doing the strategic planning, and with specific improvements that may be appropriate for their past practices.

This Presentation

- ✓ Strategic Vision: a senior-manager function
- ✓ Strategic Goals: directions for application
- ✓ Strategic Objectives: work to be assigned
- ✓ Evaluation of Objectives: efficiency analysis
- ✓ General Evaluations: application rules
- ✓ Special Evaluations: known areas of use
- ✓ Wrap-up and Conclusions

This presentation begins by filling in the missing step from most modern applications, the Strategic Vision. It is this vision that defines value for the following steps of Strategic Planning. Without this step, efforts tend to be scattered, and are often unmanageable.

With the basis of a central vision, Strategic Goals can be defined as internal guidance for those who contribute to the design of the Strategic Plan. This step differs from common practice by recognizing that Goals are not just things to achieve, but directions for application.

The methods for achievement are not goals, but objectives, things that are to be both defined for measuring an accomplishment, and for assignment to those who will become responsible for performance.

The process continues with basic efficiency engineering, with identification of potential improvements, and evaluation of those potentials in light of expected costs.

This result in manageable efforts that are designed to fulfill a central purpose.

Selling a Plan to Subordinates

- ✓ Management is gaining performance through the efforts of others.
- ✓ The manager with something to accomplish directs subordinates to their efforts.
- ✓ The manager who has nothing to accomplish, has nothing to assign to subordinates.
- ✓ Where is the benefit in convincing subordinate managers to do effective management?

There is no clearer indictment for our current planning efforts than recognition of its greatest challenge, getting subordinate managers to "buy in" to the process and results.

Management is not based on selling something to subordinates, it is based on directing resources to productive efforts. Good management is not sold, it is assigned to those who are hired to perform good management. Even the basic attitude of modern efforts is questionable.

The management engineered process is designed to define prospective changes that will have value to the organization. That value is reduced to assignable productive results. The results are assigned to those who will be responsible for assuring performance.

This is applying management where it is now missing.

Unmanageable Efforts

1. "Improve Customer Relations."
   - No person is responsible for accomplishment.

2. "Add two people to Personnel Office."
   - No value established to cover cost.

3 "Manage performance to output requirements."
   No Metric defining success or failure.

The analytic approach is Biblical; men do not gather figs from thistles. The process that produces poor results is a poor process.

The absence of good management practices is made obvious when looking at our present strategic planning effort at the level of objectives. I find many objectives that lack any basis for managing the same to completion. Some have no defined productive result to gain that mark a difference between success and failure. Others have a sense of value, but no concern for costs to be incurred in generating that value. Still others cannot be measured at all.

The process that allows development of such objectives cannot be trusted. It may produce valid improvements, but may also produce good-presentation changes that harm the organization. Our current strategic planning process lacks good-management practices in its basic operation.

Strategic Vision

A general statement of what a Strategic Planning effort is to accomplish through those who work in the organization

The Strategic Vision is Manageable only at the organizational level. It addresses a management effort that is self-assigned by the manager who initiates Strategic Planning.

The Development and maintenance of a Strategic Vision cannot be effectively delegated or procured through others.

Strategic Vision:
<u>Purpose and Scope</u>

<u>PURPOSE:</u> Strategic Vision defines the central value the organization is to gain. Vision establishes priorities for efforts by subordinates.

<u>SCOPE:</u> Vision is the personal determination of the one who has something to gain through the organization. Vision is also a guide for the actions of subordinate organizational elements.

The first step is a big one, the introduction of the concept of a Strategic Vision. This is defined as a determination of value that will support the Strategic Planning effort.

For management, establishing this vision is a management action. It is the unique and singular responsibility of the senior manager who implements a Strategic Plan. Establishing that plan is management work that must be self-assigned to the senior manager who is initiating the Strategic Planning effort.

That plan is defined by the effect it has to accomplish. It must bring the subordinate organization to focus on the changes needed to properly operate the larger organization. It is the kingpin for bringing all the actions that are planned to a central purpose, and to make the effects achieved by subordinates additive.

Having a vision requires vision maintenance. The senior manager must be the one who has the vision, and who keeps that Strategic Vision as a foundation for a Strategic Planning effort.

Senior Manager & Vision

- ✓ Strategic Vision belongs to the one who has some-thing to gain, not to the organization that gains it.
- ✓ The process that sets Vision is the personal responsibility of the one who establishes a Vision.
- ✓ Setting a Strategic Vision cannot be effectively delegated to subordinate managers.
- ✓ Setting a Strategic Vision cannot be effectively performed through a consulting contract.

Our current Strategic Planning efforts are usually based on a general consensus among higher-level managers as to improvements that can be made. The engineered Strategic Vision is not the consensus vision of the organization, but rather a determination by the manager in charge of the organization.

Implementing the engineered process requires a major shift in attitude and approach. Subordinate managers are solicited for their management savvy, their knowledge, and their working perspectives. The Vision remains the personal responsibility of the one in charge.

Development of vision cannot be delegated to subordinates, nor can it be purchased effectively through consultants. To be effective, it must be the vision of the one who is directing its implementation. It engenders what the senior manager intends to gain through the efforts of the organization.

Necessity for Defining Success

- ✓ Management is gaining performance through the efforts of others.
- ✓ Without a concept of success, there is nothing to accomplish through subordinates.
- ✓ Strategic Visions need to define success so that successful performance can be managed.
- ✓ Without a definition of success, Strategic Plans cannot be Managed.

Strategic Vision needs to be effective for the purpose of managing implementation. If it is to gain something through the efforts of others, that Vision must have some definable result to accomplish. It must have a stated or inherent definition of success and failure.

In other terms, the Strategic Vision must define the desired result, or there is nothing to gain through its implementation. Manageable Strategic Vision starts with a concept of something to be gained through the organization.

The importance of this can be observed in the negative. The question is, "What does it mean if there is a Vision where there is no clear definition of success?" The answer indicates the depth of the challenge facing our more common efforts that are not engineered. If the effort has nothing to accomplish, there is no way to manage it to a successful conclusion. Such an effort is little more than implementation based on a wish list.

Vision Based on Continuation

Purpose: Effectiveness.

This Strategic Vision will support generation of valuable outputs from organizational inputs through operating the organization.

The source for this Vision is a threat to ongoing operations affecting either the inputs, outputs, or business resources needed to convert one into the other.

There are two general sources for an effective Strategic Vision, organizational effectiveness and organizational efficiency.

Effectiveness is determined by the ability of the business to function for its basic purpose. That basic purpose is defined by its inputs and outputs, by how much it costs to convert inputs into products that are delivered to customers to earn income. With a for-profit business, the business is effective as long as it maintains a reasonable difference between costs and income.

Strategic plans are thus based on maintaining organizational effectiveness. Such plans address potential threats to resource requirements, or changes in customer requirements and values. It can address changes in processes that increase costs.

A substantial increase in what must be paid to employees would be such an effect. The action to adjust prices to accommodate a proposed wage change would give foundation for a Strategic Vision. A new product entering the market that depresses the market for your existing product would be a foundation for a Strategic Vision. Changes would be required to maintain the effectiveness of the organization.

Vision Based on Improvements

Purpose: Efficiency

This Strategic Vision will support either a decrease in the cost of generating products, or an increase in the value of products delivered to customers.

The source for this Vision is a potential for internal investment.

The other foundation for Strategic Vision is business improvement. With a for-profit business, this would be a recognized value in actions to increase profitability. Such changes generally involve increases to efficiency, as measured by the ratio of value-distributed-to-business-customers to the cost-of-generating-that-value.

The general direction for Vision supporting this type of change is internal investment. The custodian manager for the Vision should be looking for internal investments that either increase the value that the organization produces, or decrease the total cost of generating its products.

There may be additional sources for Strategic Vision, as in the personal concern of handling hazardous waste. A failure in this arena might lead to prosecution, and personal interests may legitimately become a basis for Strategic Planning. Social and political issues can fuel Strategic Vision. What these cannot do is to avoid economic concerns inherent in effectiveness and efficiency.

Management engineering provides the focus on performance essentials that should be a part of every element within Strategic Vision. The one who maintains the Vision should be able to handle economic challenges for expenditures of business resources.

Communication of Vision

- ✓ Vision only guides those who are aware of it.
- ✓ Vision must be communicated to those who will apply the Vision to determine their activities.
- ✓ A Strategic Vision affects everyone in the larger organization; and all are to support it.
- ✓ Vision, once established, is to be published. Publication should be withheld until the Strategic Vision is finalized and ready to be made effective

It is certainly important to have an effective Strategic Vision; but that Vision is without effect until it is communicated to those whose actions will be affected. Even during the development effort, the currently maintained Vision, along with any concerns and known areas of challenge, needs to be communicated to others who may have inputs to Vision development. It helps these employees understand values that they can provide to the larger Strategic Planning effort.

Once the vision is developed, it should be published generally within the organization. This is the basis for informing those working within the organization of the sense of value being maintained. It not only gives employees a sense of direction and resulting security, but indicates the sorts of action that will be most appreciated at the top of the organization.

The design of the communication should depend on the value to be gained. If the value includes a more personal interaction with employees, it would be furthered by a personal delivery. If it values a more orderly prosecution of business, the development through a written record might be more appropriate.

Communication of Strategic Vision is management work belonging to the manager who will see to implementing that Vision. It is management work that should not be delegated.

Specific Communications

- ✓ Discussions with Strategic Planning groups giving details and explanations of terms used.
- ✓ Direct publication of a Strategic Vision statement.
- ✓ Communication by process, setting activities to be effective.
- ✓ Communication by retransmission, using those who have received the word to spread it.

As a practical matter, there will usually be a working group of higher-ranking managers that addresses the development of Strategic Vision. Not only does this provide additional brain power for the task, but it brings experience to bear, and provides special input for those who are most likely to be central to the actions that will implement that vision.

Development of Vision is not a set process. It can involve open discussion between main players, interchange of ideas, and synergistic discussions between those most intimately involved with eventual implementation. The senior manager who will have the Vision needs to be in charge of the process used for development, and it needs to fill his or her special needs.

The publication of a statement of Strategic Vision is almost a necessity. There will be a need for general communication that is unlikely to be fulfilled by a personal communication effort.

No-Vision Provided as Vision

1. "Establish continuous improvement within our management."
   - Neither efficient nor effective as a Vision.

2. "Become the world's best service provider."
   - Nothing to gain – unmanageable Vision.

✓ "Manage performance to output requirements."
   - No metric defining success or failure.

It is intelligent to address some of the more likely distractions arising from our present practices. There are many popular efficiency directions that are actually harmful to organization-level efforts.

Continuous-improvement is one such concept, and is based on a belief that there never is a final "best" process for performance. There is always room for improvement. The challenge is that many improvements cost more than they they are worth, especially if other changes are made before the first can be paid back through improvements realized.

There are many reasons for having poor Strategic Vision, but they have one source. That source is a failure to address a potential for management. A vision that does not support management cannot be effectively managed. It cannot be completed to accomplish a management purpose.

Strategic Goals

A statement of directions and activities that further accomplishment of Vision, but cannot be assigned for performance.

Strategic Goals are Directions for application of Strategic Planning that are not unique to the larger organization, as is Strategic Vision, and are not directly assignable to a subordinate for action.

Strategic Goals are statements of direction for applications, or are applications that are too great in scope to be assigned to any one subordinate for performance.

No-Vision – Scattered Goals

Vision: ***"Become the world's best service provider."***

- ✓ Individually Benchmark for the best and most effective of each competitor's efforts.
- ✓ Hire highest-quality personnel, especially if from competitors.
- ✓ Study and improve on competitor products.

Having a weak Strategic Vision might appear to be a serious defect in itself. It is also a source of further weaknesses as it addresses Strategic Goals.

Where there is nothing to be gained through the efforts of others, it is difficult to find any clear Goals that might support any coherent strategic improvement actions.

A weak Vision promotes scattered Goals. It encourages managers to prepare wish lists for changes that seem locally beneficial for subordinate group efforts. Such often will result in suboptimization, making one part of the organization appear more efficient at the expense of other organizational elements.

A strong Strategic Vision has value in its foundation. What promotes the generation of the value, promotes both the success of the Strategic Planning effort and business operations.

Cost and Benefit Analysis

- ✓ Modern Approach - establish valuable outcomes and work to implement changes.
- ✓ Benefit is established as basis for action before cost is addressed.
- ✓ Insufficient information to support a profit-based determination of reasonableness of action.
- ✓ Insufficient information to support internal investments in change.

The process tool that best supports this action is obviously that of internal investment. Investment is the acceptance of a cost for the purpose of earning a greater benefit, often involving a time between the acceptance of cost and return on that investment.

For Strategic Planning, the application is cost and benefit analysis. The benefit sought is compared to the costs of gaining that benefit, and an intelligent decision can follow.

Where there is a lack of analysis, as in the modern approach to Strategic Planning, we have beneficial results accepted as a foundation for action before there is any consideration for the costs of gaining those results. When pushed, it is easy to make poor economic decisions, where the costs incurred to make changes exceed the benefits generated.

A good Strategic Vision, with its concept of success, will help to avoid this type of challenge. The vision contains a concept of success; and that concept will generally include economic benefit as one of the factors for measuring successful performance.

Strategic Goals: Purpose and Scope

PURPOSE: Defines directions for the application of strategic thinking. Establishes working priorities for those who will implement the Strategic Vision. Addresses results that cannot be effectively assigned.

SCOPE: Strategic Goals can be directions or general accomplishments. The Goal is used as a guide for establishing specific assignment-based Objectives.

Next we move to Strategic Goals. We face immediate confusion in common terminology; Goals are now approached as something to be gained. For the purpose of Strategic Planning, Goals are either something to be gained that cannot be assigned, or directions that have value. Goals are guides to support the effort for identifying and defining actions that are to be pursued in the strategic planning effort.

Strategic Goals are never assigned for accomplishment. Strategic Goals are supports for the Strategic Planning effort, rather than action items for performance. Strategic Goals support the establishment of specific Strategic Objectives that can be assigned.

There is no requirement to have any Strategic Goals. They are a convenience in further defining and implementing a Strategic Vision. They address general directions for application, or general approaches to use in pursuing the values established in the Strategic Vision. They can set limits, indicate general priorities, or identify larger-scope results to be gained.

Strategic Goals support those who do Strategic Planning, not those who do the work of protecting organizational operation, or improving organizational performance.

Meeting Your Goals

- ✓ Different definitions for the term with different purposes.
- ✓ Approaching a Goal as something to accomplish or reach addresses an internal competition.
- ✓ A Strategic goal is a direction to be followed in achieving a desired end.
- ✓ Strategic Planning is a management effort to accomplish something else; it is not a competition.

The concept of meeting your goals is not always compatible with the concept of Strategic Goals that applies to Strategic Planning.

This can be seen in perspective. The Strategic Vision contains the general statement of value that is to be achieved through a larger Strategic Planning effort. If we have a general result to be accomplished in the process, it should also be part of that Strategic Vision.

We will also have specific things to accomplish. Where these can be assigned to some specific manager, we have actions that will be handled as Strategic Objectives. Where the scope is too large for an assignment, the general requirement can be handled as a Strategic Goal.

Goals are therefore limited to general directions that guide the process of implementing the Strategic Planning.

Practical Goals & Vision

Vision: ***"Reshape our products to appeal to our younger customers."***

- ✓ "Seek information directly from potential customers."
- ✓ "There are no ***sacred*** product characteristics; everything is open for potential change."
- ✓ "Ideas will be actively solicited from all employees, and every idea will be seriously heard and evaluated."

Goals are to be practical, and must further the effort that accomplishes results in accord with the Strategic Vision.

Goals are absolutes only where they have productive results. Other Goals may not be driven by results. They can be intelligent statements that guide managers toward unified and effective action to accomplish a Strategic Vision.

As in the chart, directional goals can help working strategic managers to establish actions that will most certainly accomplish the Vision. They set working limits and priorities for action. They provide elements of vision that are useful in determining specific actions that will accomplish the results inherent in the Strategic Vision.

Communication of Goals

- ✓ Goals only guide those who are aware of them.
- ✓ Goals must be communicated to those who will apply them.
- ✓ A Strategic Goal affects strategic decision makers and those who support them.
- ✓ Goals, once established, may be published. General publication should be withheld until the Strategic Goal is approved for application.

As with the Strategic Vision, Strategic Goals have value only as they are communicated to those who will use those Goals. Also, the responsibility for achieving that communication belongs to the manager who is to gain results through the Strategic Planning process.

Communicating Goals is a self-assigned work element for the senior manager in charge of an organization. It is part of the work of gaining a result through the efforts of a subordinate organization. It is workload for that senior manager.

The ones who receive that communication may not include all people in the organization. It may be limited, in whole or in part, to those who will take an active role in developing and implementing the Strategic Plan. The choice of recipients is part of the operating procedure within the decision of the senior manager in charge; it is part of a process that is within the responsibility of that manager.

When working Goals are firmly established, it is often convenient to communicate the same generally to those in the organization. There is value in assuring employees that someone is truly in charge, and that there are practical directions being pursued.

Strategic Objectives

Assignable results that further the effort
to accomplish the Strategic Vision.

Strategic Objectives are the working parts of a Strategic Plan. Larger Goals are met, and the Strategic Vision is fulfilled through implementing Strategic Objectives.

Engineered Objectives are designed and managed to be effective and efficient in their performance.

Multi-party Objectives

The Challenge: Many people responsible for a single result.

- ✓ Many people held responsible = Nobody held responsible.
- ✓ Wherever responsibilities are not set, there is an inability to manage over performance.
- ✓ Multi-party Objectives are inherently unmanageable.

The basic purpose for having objectives is to direct and manage performances. This implies that there must be something that can be assigned to an individual for the purpose of making that person responsible for gaining a result. A Strategic Objective addresses a manageable action.

In our modern approach to strategic planning, it is easy to find Objectives that cannot be effectively assigned to anyone for accomplishment. They are regularly confused with Goals, and address actions that will involve putting responsibility on several different managers. This establishes weak responsibilities, and still weaker management over any resulting performance. The senior manager must "sell" such an Objective, rather than performing management through directing the gaining of a result.

Management Engineering provides focus on performance. It identifies the management that places responsibilities where they can be managed. It yields Strategic Objectives that are inherently manageable. It yields a management plan that will see to the completion of every Strategic Objective that is assigned.

Unmanageable Objectives

The Challenge: Strategic Objectives without specific results or products to be gained through others.

- ✓ There is nothing to gain through the efforts of those who would be responsible for performance.
- ✓ Such Objectives can be declared as "met" whether or not value is gained.
- ✓ Unmanageable objectives do not relate to business operations.

As with the confusion created by addressing assignable Goals, the modern approach to Strategic Planning confuses Goals and Objectives. We find Strategic Objectives that are directions, rather than something to accomplish through others. Such Objectives cannot be managed to a successful conclusion.

Our modern approach can yield statements of successful performance where there is no real success. It often yields Objectives that can be "met" without generating any real improvement or benefit at the organization level.

Without something specific to gain through the efforts of the organization, there is no possibility for effective management. Benefits may be gained, but then losses are almost as likely. Without effective management, there is no good way to tell the difference. After-the-fact analysis is not useful in either generating values or avoiding costs.

Retrograde Objectives

The Challenge: Objectives where the value gained is less then the cost of gaining that value.

- ✓ Improvements where the return on investment from change are less than the implementing cost.
- ✓ Common where an improvement-objective is fixed before cost analysis.
- ✓ This is common where "improvements" are addressed to internal support areas.

Where there are cost and benefit considerations as a foundation for action, it is possible to define failure in the Strategic Planning effort. It is defined as any action where costs are greater than benefits.

This brings us to the disturbing concept of regrograde Objectives, efforts that defeat the purpose for having Strategic Objectives. Such can always be discovered through cost and benefit analysis.

In the modern procedure, Objectives are set by value, and cost is only considered as an afterthought. The goals and objectives are set by value to be gained, and implementations are directed before there is any examination of potential costs. As expected, poor investments are not uncommon.

Retrograde Objectives are now encountered regularly where they deal with the processes of management and internal support. These are areas where benefits apply to local office actions, but are difficult to relate well to organizational values. Costs also tend to be distributed by supporting groups to those who receive their support. The combination of difficult-to-determine benefits with hidden costs is a recipe for inefficiency.

Objectives:
Purpose and Scope

PURPOSE: Objectives are action items that implement a Strategic Vision. Objectives are the foundation for setting personal assignments.

SCOPE: Objectives cover the action that is envisioned. Objectives further movement in the directions indicated by strategic goals.

Getting beyond the limits of popular modern efforts is not difficult, it only requires a change in attitude. The purpose for an Objective is an assignment for action. The Strategic Objective is to be a foundation for fixing responsibility for a result upon a subordinate.

Where the Strategic Vision defines value for the organization, the Strategic Objective defines value for a subordinate manager. It is a foundation for both demanding performance, and for managing over that performance as it is accomplished.

It is a general rule of application that every Strategic Objective should further the fulfillment of the Strategic Vision. If any Objective fails in this purpose, it is likely to be a retrograde activity, costing more than it benefits. It should not be pursued for any economic purpose.

As a result-based foundation for an assignment of responsibility, the engineeered Strategic Objective is inherently manageable.

Something to Accomplish

An Objective is something for a strategic manager to accomplish through subordinates.

- ✓ Engineered Objectives are inherently manageable.
- ✓ Engineered Objectives are assignable.
- ✓ Engineered Objectives may be managed from above as to performance.

The Strategic Planning effort that establishes objectives starts with something to accomplish through the efforts of another, and someone who will be given responsibility for that accomplishment. This is the source of potency when it comes to Strategic Planning. Value is not just attainable; the effort that gains the value is manageable.

One important note is that Strategic Ojectives are assigned. They are not to be accomplished through having subordinate managers buy-in to an improvement concept. The engineered effort is implemented through management, through directed applications of resources to generate valuable results. There is no need to convince subordinate managers that they should support the larger Strategic Planning effort.

Workers are directed to work. Managers should be directed to gain things through directing their subordinate resources. This is the general function of management that is missing in our present approach to Strategic Planning. Management engineering provides the logic and approach the brings the Strategic Planning effort to focus on what it must accomplish to be a success.

Objectives and Results

<u>An engineered Objective is</u> assigned to someone by the result to be accomplished.

- ✓ Engineered Objectives are inherently manageable.
- ✓ Engineered Objectives always have assignable productive results.
- ✓ Engineered Objectives may be managed from above by the results obtained.

There are process requirements associated with fixing responsibilities for Strategic Objectives. The first is that there be a valued result to be assigned for accomplishment. The second is that there be some specific person to receive the assignment. The third is that the one who receives the assignment has sufficient resources to effectively assure performance.

The two essentials for management are costs and benefits, represented by results to be obtained and costs for obtaining them. In fixing responsibility, the senior manager should assure that there are sufficient resources and abilities under the control of the Assignee to reasonably assure performance. This may require some discussion on process to be used, and may involve gaining additional resources so that performance may be assured.

The desired result of examining process and resource requirements is an effective internal contract where the subordinate manager promises to perform with the agreed resources, and the assigning manager promises to make reasonable resources available to see to that performance.

Management Over Objectives

- ✓ A personal strategic-manager responsibility.
- ✓ Setting performance requirements by result to be gained; and defining exception situations.
- ✓ Setting responsibility for feedback on performance during performance process.
- ✓ The work of receiving products, and handling exceptions as any arise.

As with other parts of the Strategic Planning effort, management over the effort is to be self-assigned. It is the responsibility of the one who initiates Strategic Planning to provide management over the performance of work that is assigned as part of that larger process. The general rule: ***If it is important enough to assign, it is also important enough to manage.***

The effort of managing a performance is an inherent part of the cost of performing through an assignment. Management is a cost of gaining through the efforts of others.

A well-managed Strategic Objective will be planned with management feedback, and the cost of generating and receiving that feedback will be considered part of the cost to be overcome by benefits earned. Strategic Planning is work personally performed by the assigning senior manager, and that work is accomplished at a price.

Investments & Objectives

- ✓ Each Objective is a potential investment based on cost and benefit expectations.
- ✓ Any lack of intelligent expectations yields lack of intelligence in investments.
- ✓ Intelligent Investments are inherently manageable.
- ✓ Each engineered Objective contributes to fulfilling the Strategic Vision.

This brings us into the area of efficiency engineering, where the important elements are the value of results achieved relative to expenditures made. An effective Strategic Planning effort will produce more value than it consumes. An efficient Strategic Planning effort will increase the value that the organization produces relative to the overall cost of business operations.

The general tool for accomplishing this is internal investment. The various costs and benefits are compared as if they were to be investments. Actions that would further the Strategic Vision are justifiable investments. Actions that would not, should be dropped, or be justified outside of the Strategic Planning process.

Objectives can be further evaluated for the acceptability of the cost and pay-back. Where the costs and pay-back are reasonable, the Strategic Objectives can be reasonably assigned for accomplishment, assuring that each part of the plan furthers the purpose set in the Strategic Vision.

Lacking Organizational Impact

Vision: ***"Improve organization-level performance through better internal allocation of resources."***

- ✓ Initiate an improved performance appraisal system.
- ✓ Centralize office automation support.

Each potential Strategic Objective must be examined for organization-level costs and benefits.

With our current approach to Strategic Planning, it is common to have actions initiated to "improve management." These are undertaken based on a concept of improvement that has no organization-level benefit to offer. These actions address the processes of management as if they were values in and of themselves.

The lack of management basis is obvious from the definition of management, gaining through the efforts of others. If there is no improvement in ability to gain through others, there is no real improvement in management. Every real improvement will have an impact on what the manager is able to gain through application of changed management.

Many of these changes, as with changing a corporate culture, can be very expensive. It can involve stopping the performance of the organization to do training. It can involve hiring consultants to support changes. These temporarily reduce the product that the organization generates for its customers, potentially reducing the value that is produced.

Retrograde Improvements

__Vision__: ***"Improve organization-level performance through better internal allocation of resources."***

- ✓ "Upgrade office automation throughout."
- ✓ "Procure JIT supply consultant."

Each must be examined for organization-level costs and benefits.

You should note that the basic measures used in these investments are at the level of the organization. They are not local to subordinate groups. Strategic Planning is, by definition, an organization-level pursuit.

The only benefit that counts is what the organization produces as value for distribution to its customers. Every new cost incurred is a cost to the organization. Strategic Objectives are to be evaluated based on their impact upon organizational costs and values.

Many of the acts now considered to be prime candidates for Strategic Objectives are discovered to be retrograde in effect. Using the engineered process can avoid many inappropriate changes.

Evaluation before Assignment

- ✓ Each Strategic Objective is a potential investment based on expectations for costs and benefits.
- ✓ Management is gaining beneficial result.
- ✓ Intelligent Investments are based on evaluations.
- ✓ Each engineered Objective should further the Strategic Vision, and meet efficiency criteria.

A key concept in the engineered effort is evaluation of potentials before assignment. The current process encourages the use of improvements as a basis for action; the engineered process insists that costs must also be examined before an improvement becomes a viable candidate for a Strategic Planning action.

This is a major change in attitude and approach. It brings the efforts of the organization to focus on the business purpose, rather than trying to do management without comparing expectations for value produced to costs incurred.

The management engineering approach is more intelligent, and more directed than our currently popular process. Every effort is examined for its ability to further the purpose for having a Strategic Plan. It is either to handle potential threats to business performance, or to further the generation of value through organization-level improvements in performance.

Cost & Benefit Analysis

- ✓ Cost is the complete expectation for expenditures of time and other resources in completing an Objective.
- ✓ Cost must include the cost of any management committed to initiating and managing the Objective.
- ✓ Economic benefit addresses impact on value delivered to customers. Customers determine value by what they are willing to buy.

Regular cost and benefit analysis is expanded to address the values that are in need of management at the strategic level. This includes the value of organization product delivered to organization customers, and the whole cost of running the business.

Implementation goes beyond an attempt to find unique costs and benefits that occur at the site of application. The effective analysis addresses impacs on organization-level metrics.

Costs include the costs of management. This specifically includes the cost of the Strategic Planning effort, as it is a management process that is directed to earning benefits for the larger organization. If it is unable to earn benefits, then it lacks purpose. The cost of the Strategic Planning effort is a cost of operating the organization; it is an additive part of the whole cost of operating the organization.

Analysis Defaults

COST: Every work effort has a cost.

SCOPE: Objectives cover actions that are envisioned. Objectives further movement in the directions indicated by Strategic Goals.

As a general efficiency rule, every change comes with a cost. The default is to make no change unless there is some reasonable expectation of benefit. The default cost for any prospective Strategic Objective includes a portion of the Strategic Planning cost, with management time and effort.

If Strategic Goals are properly selected, then each Strategic Objective will further Goals. Strategic Goals can also include results that cannot be assigned to any one manager for performance.