

How to Create Strategic Planning To Drive Strategy

In the [last two blog posts](#), we have been talking about [strategic objectives](#)(SOs) as a means to drive business performance. One of the oldest and consistently true axioms in business is that you can't manage what you don't measure. So the challenge when setting strategic objectives is identifying metrics that are meaningful and useful.

One of the primary reasons that the strategic planning process fails is because the plan is written and then set aside to gather dust. Once the plan is created, it needs to be communicated to the parties involved in its success. Provide metrics that align with the expectations for the plan's outcome.

Creating Strategic Metrics

The most powerful motive for creating strategic metrics is to improve the focus of your team. Measurement must be continuous, so a well-run organization needs to generate monthly financials and track metrics for SOs on a regular basis. The ongoing measurement and regular reporting serve to reinforce the drive to achieve strategic objectives and track progress toward the company's goals.

So how do you establish strategic metrics to guide your long-term planning and minimizes entropy? First, consider that metrics are made up of measurements against a target or goal. To create clarity around desired outcomes, apply measurements that make sense toward a target goal. If a strategic objective is to increase sales, then use a simple metric like the increase in sales volume. Also, create benchmarks to make the goal achievable over time, rather than setting an unspecific strategic objective such as "increase sales by 15 percent." Break the goal into measurable milestones, so your metrics become an increase of 1 percent the first month, 2 percent the second month, 5 percent the third, and so on to achieve the strategic objective. Adjust the targets as needed to achieve and even exceed your strategic goals.

Do's and Don'ts of Strategic Planning Metrics

The metrics will vary depending on your strategic goals, but for the sake of discussion, let's assume there are fiscal strategic objectives for the coming year. Set the metrics for your strategic plan accordingly, and avoid the common traps. Here is a simple list of "do's" and "don'ts":

- - Do tie metrics to strategic planning and anticipated outcomes.
- - Do makes sure everyone in the organization, from the C-level executives ion down, understands what is being measured and why.

- - Do limit the number of measurements to promote better understanding and usefulness. Focus on a handful of metrics that tracks truly strategic variables.
- - Do identify the drivers that affect the desired outcomes for the organization.
- - Do use graphics to display results and dramatize interdependencies, trends, and outliers.
- - Do link metrics to performance rewards whenever appropriate.
- - Do accept uncertainties. Anticipate some failures and prepare to adjust course as needed.
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- - Don't limit metric responsibilities to senior management. Everyone should have a stake in the process and a role in contributing to the company's success.
- - Don't treat metric development as a one-time event. As conditions change so should the metrics.
 - - Don't wait for perfection of every detail. Strive for best effort and adjust as needed.
- - Don't introduce metrics that are solely tied to compensation.