

## ORGANISATIONAL STRATEGY 1

### UNDERSTANDING THE STRATEGIC PLANNING PROCESS

Every organisation, regardless of their size or the sector they operate in, needs to have a well-defined, evidence-based, strategy. Having a strategy will enable an organisation to have a clear understanding of what they want to achieve and the actions they need to take to realise their aspirations. A strategy provides a road map for the organisation that it can use to inform future decision-making, guide corporate and departmental-level activities and allocate resources. It is a detailed, long-term, plan that ensures an organisation is focused on its objectives and sufficiently organised to achieve them.

### HOW DO YOU DEVELOP A STRATEGY?

When developing a strategy, you should follow a strategic planning process. This will ensure your strategy is capable of improving performance and of guaranteeing the organisation's long-term survival. A representation of the process is shown below:



Strategic planning process – Adapted from PR Smith, 1998

Each segment of the cycle represents a distinct stage in the planning process. The stages need to be completed in sequence and revisited regularly throughout the duration of the strategy. The strategy needs to cover a specific period of time: typically three to five years, although they can be longer.

## WHAT DO I NEED TO DO AT EACH STAGE?

### STAGE ONE: SITUATIONAL ANALYSIS – WHERE ARE WE NOW?

Before you can plan for the future, you need to understand the environment your organisation currently operates in and the capabilities your organisation has to respond to that environment. This is to ensure that your future strategies are suitable and feasible.

At this stage of the planning process, you need to ask the question: **Where are we now?** To answer this, you need to:

- **Analyse your operating environment.** Data can be gathered using a **PESTLE analysis**.
- **Consider the actions of your competitors** to understand how aggressively they operate in the market and how likely they are to respond to the future actions of your organisation. Review your:
  - **Direct competitors:** Businesses that offers the same products and services as your organisation
  - **Indirect competitors:** Organisations that offer different products and services but that satisfy similar buying motives. For example, a restaurant and takeaway offer different services but they both aim to reduce hunger
  - **Replacement competitors:** Rivals that offers different products and services that could provide an alternative to your products.
- **Evaluate your capabilities**
- Once you have completed your analysis, you need to summarise the results using a **SWOT Analysis** to categorise your strengths, weaknesses, opportunities and threats.

### STAGE TWO: OBJECTIVES – WHERE DO WE WANT TO BE?

Using the SWOT Analysis to guide decision-making, you need to develop your strategic objectives (the detailed statements of the outcomes you wanted to achieve). Your objectives need to answer the question: **“Where do we want to be?”** They should be:

- **Specific:** Avoid broad statements of intent and focus on the details of what you want to achieve. Your objectives should be clear and provide enough information so everyone in your organisation understands what needs to be achieved.
- **Measurable:** Your objectives need to have a quantifiable element which can be used to create monitoring metrics and track performance. They need to detail what success looks like.
- **Achievable:** Whilst objectives can be challenging, they should not be impossible to achieve. They should be based on the capabilities your organisation has, or is likely to have, within the period covered by the strategy.
- **Relevant:** The objectives need to be applicable to the environment your organisation operates in and the capabilities it has.
- **Time-bound:** Each objective needs to have a deadline by which it must be achieved.



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