

Strategic Marketing Management

Lecture 3 – Strategic Planning

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Lecture Learning Objectives:

At the end of the lecture, you will be able to:

1. Explain the basics of strategic planning
2. Differentiate goals, objectives and targets
3. Discuss the different strategic planning models
4. Enumerate the components of strategic planning
5. Explain the aspects of strategic planning

THE BASICS OF STRATEGIC PLANNING

Strategic Planning is more than ensuring your association will remain financially sound and be able to maintain its reserves - it's projecting where your association expects to be in five, ten or fifteen years - and how your association will get there.

It is a systematic planning process involving a number of steps that identify the current status of the association, including its mission, vision for the future, operating values, needs (strengths, weaknesses, opportunities and threats), goals, prioritized actions and strategies, action plans and monitoring plans.

Strategic Planning is the cornerstone of every common-interest community. Without strategic planning, the community will never know where it is going - much less know if it ever got there. An important **concept of strategic planning** is an understanding that in order for the community to flourish, everyone needs to work to ensure the team's goals are met.

The **team leaders** include all association homeowners, the board of directors, professional management, whether on-site or through a management company, and various service professionals such as accountants and reserve professionals. This team needs to work as a collective body to be successful. Part of the team concept is the establishment of roles for the team players. **Teams** usually perform poorly if everyone or no one is trying to be the quarterback.

Goals, Objectives and Targets

Strategic Planning is a very important business activity. It is also important in the public sector areas such as education. It is practiced widely informally and formally. Strategic planning and decision processes should end with objectives and a roadmap of ways to achieve those objectives.

One of the core goals when drafting a strategic plan is to develop it in a way that is easily translatable into action plans. Most strategic plans address high level initiatives and overarching goals but don't get articulated (translated) into day-to-day projects and tasks that will be required to achieve the plan. Terminology or word choice, as well as the level a plan is written, are both examples of easy ways to fail at translating your strategic plan in a way that makes sense and is executable to others. Often, **plans** are filled with conceptual terms which don't tie into day-to-day realities for the staff expected to carry out the plan.

The **following terms** have been used in strategic planning: desired end states, plans, policies, goals, objectives, strategies, tactics, and actions. Definitions vary, overlap and fail to achieve clarity. The most common of these concepts are specific, time bound statements of intended future results and general and continuing statements of intended future results, which most models refer to as either goals or objectives (sometimes interchangeably).

One model of organizing objectives uses hierarchies. The items listed above may be organized in a hierarchy of means and ends and numbered as follows: Top Rank Objective (TRO), Second Rank Objective (SRO), Third Rank Objective, etc.

From any rank, the objective in a lower rank answer to the question “**How?**” and the objective in a higher rank answer to the question “**Why?**”. The exception is the Top Rank Objective (TRO): there is no answer to the “**Why?**” question. That is how the TRO is defined.

People typically have several goals at the same time.

1. **Goal Congruency** – Refers to how well the goals combine with each other. Does Goal A appear compatible with Goal B? Do they fit together to form a unified strategy?
2. **Goal Hierarchy** – Consists of the nesting of one or more goals within other goal(s).

One approach recommends having (1) short-term goals, (2) medium- term goals and (3) long-term goals. In this model, one can expect to attain **short-term goals** fairly easily: they stand justly, they stand just slightly above one’s reach. At the other extreme, **long-term goals** appear very difficult, almost impossible to attain. Strategic management jargon sometimes refers to “**Big Hairy Audacious Goals**” (**BHAGs**) in this context. Using one goal as a steppingstone to the next involves goal sequencing. A person or group starts by attaining the easy short-term goals, then to the long-term goals. Goal sequencing can create a “goal stairway”. In an organizational setting, the organization may coordinate goals so that they do not conflict with each other. The goals of one part of the organization should mesh compatibly with those of other parts of the organization.

Strategic Planning Models

Strategic Planning is a relatively new genre of planning, adapted from primarily two sources:

1. **Business schools** have equipped leaders with institutional planning processes, which were developed from decision making and production control.

The **business model** is more often tailored for a hierarchical organization with top-down control, although this has softened in the dot-com era.

2. **Community Planning Schools** have prepared planning staff with models of social planning and physical land-use planning. **Community planning** is more grassroots, bottom up, consensus building and is better suited for nonprofit organizations and local governments.

The former is market share and profit oriented, and the latter is empowerment and constituent need oriented more on empowerment. In between, there is a range of blended approaches.

Model 1: NON-PROFIT ORGANIZATIONS (NPOS) –

Brian W. Barry details strategic planning for NPOs in the pamphlet and workbook Strategic Planning Workbook for Nonprofit Organizations. The workbook is oriented to organizations such as soup kitchens, nascent neighborhood groups, and other human service groups. It outlines the strategic planning process but is tailored to a small organization with a narrow focus. It also assumes that all of the stakeholders are represented, that they speak with authority, and that the constituencies they represent are fairly homogeneous. In order to be applied to community associations, this model must be modified to accommodate multiple missions in more complex organizations, which offer many services to very heterogeneous constituencies. However, it lacks attention on soliciting feedback and developing consensus.

NPO Strategic Planning includes:

- Recruiting stakeholders, power brokers and leadership
- Reviewing the organization's history and current situation
- Reviewing and revising (or developing) the organization's mission statement
- Identifying the organization's opportunities and threats
- Identifying the organization's strengths and weaknesses
- Identifying the most critical issues arising from any of the organization's opportunities, threats, strengths and weaknesses
- Setting goals to remove weaknesses, blunt threats and seizing opportunities
- Brainstorming, evaluating and selecting strategies to empower leaders
- Critiquing and reviewing the plan
- Revising goals and re-implementing goals as appropriate

Model 2: APPLIED STRATEGIC PLANNING –

The Applied Strategic Planning approach is described in the pamphlet Applied Strategic Planning, An Introduction by Leonard D. Goodstein, Timothy M. Nolan, and William J. Pfeiffer. Business and military executives tend to favor this model. It assumes a top-down hierarchy with a plans and operations department, that is responsible for running the models and recruiting and involving appropriate and key personnel. It also presumes the existence of a fair degree of quantifiable data and business modelling decision making where one finds targets and executes programs. This method might be well suited for solving problems where constituents have an identifiable problem and are unified in the opinion that better service is needed. The process also incorporates scanning the environment, brainstorming solutions, establishing a future orientation, and looking at the behavior of competitors and new products on the horizon.

Applied Strategic Planning includes:

- Identifying consultants and key internal players
- Garnering CEO support, identifying stakeholders and setting planning goals
- Scanning organizational values, philosophy and culture
- (Re)defining the organization's mission statement
- Identifying new futures and new venture opportunities
- Auditing threats, opportunities, strengths and weaknesses
- Identifying critical gaps between where the organization is and its future
- Selecting strategies to expand or retrench as a means to close performance gaps
- Implementing the strategies to acquire or divest

Monitoring actions, updating conditions and restarting the cycle

Model 3: INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION (ICMA) –

This model is the least relevant to community planning as it focuses very narrowly on the special issue of economic development. It makes a strong case for inventorying existing capacities and capabilities. It also contains several good elements that would stimulate association planning groups' thinking on consensus building. ICMA Strategic Development is described in Economic Development: A Strategic Approach for Local Governments, 68-page leaders guide and student workbook for an International City/ County Management Association (ICMA) course on local economic development.

ICMA Strategic Development includes:

- Augmenting existing planning structure with stakeholders
- Conducting an environmental scan of community conditions
- Identifying and evaluating the community resources
- Identifying and rating different community business activities
- Identifying and rating different community development agencies and programs
- Conducting an inventory of congruent and divergent values and visions in the community
- Imagining and describing multiple visions of different community economic sectors
- Developing visions into goals and establishing objectives to reach the goals
- Describing who, what, when, how and where resources are needed
- Monitoring, reporting, updating and reallocating efforts as targets are hit
- Restarting the process again by recruiting a new group and conducting scans

Applying Strategies in Community Associations

In 1999, the Radisson Community, located in Baldwinsville, New York and comprised of more than 2,100 residential units, developed a strategic plan which derived from the NPO workbook, material used in the City of Syracuse by the former mayor, and the research and planning experiences of the community's executive director, a planner by previous training. Parts of Applied Strategic Planning and ICMA Strategic Development were also used to guide discussion and give structure to the process.

More specifically, Radisson's strategic plan involved the following steps:

- 1) Recruiting core leadership and augmenting with representatives from different groups
- 2) Educating, motivating, and empowering the group
- 3) Setting planning objectives, and expanding involvement
- 4) Understanding the state of the association and how and why it came to be
- 5) Imagining and understanding multiple visions of the future
- 6) Identifying current and likely changes and opportunities
- 7) Identifying things that the community does well and reinforcing its hallmarks and core values
- 8) Describing a path to the visions of the future using strengths and opportunities

- 9) Bundling strategies into groups around organizational strengths and leaders
- 10) Describing the plan to all association members and soliciting comments on multiple strategies
- 11) Restating the popularized plan, seeking broad-based consensus for it, and soliciting more feedback and involvement
- 12) Assigning plan parts within the organization, and soliciting operating plans, budgets, and schedules
- 13) Prioritizing goals - allocating and planning resource utilization
- 14) Monitoring accomplishments and soliciting and reaffirming consensus on remaining items
- 15) Restarting the vision making process with a new group of interested members - starting over

Components of Strategic Planning

Strategic planning **three main components** are plan development, plan execution and plan review. Many of the functional areas within these components are similar in that all three require a team concept that is based on:

- 1) Ensuring the member's role are defined
- 2) Educating team members about the process
- 3) Using quality communication when interacting

PLAN DEVELOPMENT

- Plan development is the first component of strategic planning. During this stage, the following steps should be completed

1. **Assess the association's history and significant accomplishments** – develop the history of the association. List important milestone that brought the association to where it is today, In order to help visualize how the association has changed over the years, include items where impact occurred in the association's operations, such as: hiring additional staff, upgrade computer hardware/software, changing processes significantly, raising dues, building additional facilities, rebuilding/renovating existing facilities, etc. by dates and quantities/dollars, as appropriate.
2. **Assess the association's current status** - determine the association's current status by looking at such things as the state of the facilities, infrastructure operations, the financial statements, the demographics of the population, and so forth.
3. **Evaluate the association's current governance structure** – review the operations to determine how responsibilities are assigned, defining communications and authorities. Examine policies, procedures, and desk guides available to determine the chain of command within the association's staff, within the board and for oversight and communications between the staff or property management company and the board of directors. **Critical** is the point of contact for the staff or management company and the board, to preclude misunderstandings, duplications of effort, things falling through the cracks, etc.

- **Determine the board's responsibilities versus those of the staff or management company's responsibilities.** An example of a delineation of responsibilities between the staff or

management company and the board is covered in **policy governance**, which simply stated, assigns the board's function as that of policy making, the "what is" of the subject/issue, while the staff's or management company's function is that of carrying out the policies, the "how to" of the subject/issue

4. **Develop mission and vision statements** – the **vision statement** is the image or state to which the association aspires. It emphasizes the dream of where the association will be at a specific time. The **mission statement** is the organization's purpose stated in a memorable phrase. In short, an association's **mission statement** describes the business it's in. It should be geared toward fulfilling the association's purpose and what it is intended to do with some specifics contained in the governing documents. Mission and vision statements should not be a list of goals.

5. **Determine operating values** – also called **guiding principles**, these values state the association's intentions and expectations. They are used to judge the association's policies, actions, as well as individual conduct. Associations should include values such as: the importance of customers and customer service; commitment to quality and innovation; importance of honesty; integrity and ethical behavior; corporate citizenship; respect for the employee and duty the association has to its employees; and importance of safety and protecting the environment, etc.

6. **Perform a needs assessment** – determine the needs of the association by analyzing the present state of the community, addressing any critical issues, and identifying the association's strengths, weaknesses, opportunities and threats.

- **Determination of key result areas (KRA)** – define five to ten areas in which the association must be successful in order to accomplish its mission, based on customer expectations.

- **Determine customer expectations** – determine the customer members, suppliers and employees' expectations of the association as stakeholders. Group the expectations into five to ten key results areas.

7. **Determine critical issues** – list the critical issues faced by the association that must be addressed for the association to achieve its mission and vision, based on an assessment of its strengths, weaknesses, opportunities and threats (SWOT).

Strengths – list the organizational attributes that promote the association's ability to meet its mission and vision

Weaknesses - list those organizational attributes that hamper the association's ability to meet its mission and vision. Some examples include inadequate technology or use of technology, lack core competency training, poor service and so forth.

Opportunities - list those factors, internal and external, that would enable the association to meet its vision and mission. Some examples include technological advancement in needed areas, consolidating functions, etc.

Threats - list those factors, internal and external, that would hamper the association from meeting its mission and vision. Some examples include the high rate of foreclosures, drawn out worker strike, change in developer focus, etc.

8. **Define the roles of key players** – who will be the key people responsible for each aspect of the strategic plan? Answer questions such as: What level of control will the board have? Is the manager going to be a proactive leader or an administrator? Are the homeowners going to be

active as committee members or are they going to be less involved? Role definition is extremely important so that efforts are not duplicated or neglected overall. One way to establish a team and define the specific roles is to adopt a model similar to a city council and city manager form of government. The **city council** (board of directors) sets policies vote on contracts and bids and is the on-site eyes and ears (oversight) of the community. The **city manager** (management) should be the professionally educated, proactive, paid leader who manages the day-to-day operations, brings issues and solution options to the table, and then implements the board decisions. The **citizens** (homeowners) should attend meetings, serve on committees and elect competent individuals to the board of directors. This concept of team roles goes much deeper than this discussion allows, especially in the areas of compliance, budgeting and homeowner interaction.

9. **Educate and communicate the plan** - without education and communication, team members can neither perform their roles nor effectively interact with each other. Make sure that every player has the necessary documents and basic knowledge to perform effectively. Further ensure that each of the players communicate with each other – provide updates as necessary and always ask for other’s input. Better to catch a potential problem earlier rather than later. In the event that there is a change in management, association boards should also be sure to communicate their strategic plans to the new manager and revise them if necessary. Also, if the strategic plan calls for specific management participation, make sure it is spelled out in the management contract.

10. **Listen and take notes** – during the strategic planning process it is important for all parties to actively listen and take notes. Many **type – A personalities**, who may be involved with the association at any level, will want to solve the community’s issues quickly and efficiently. If they do this without listening to the board of directors, homeowners, and vendors, they may be executing a plan but not a quality strategic plan.

11. **Develop and prioritize long-range goals** -. develop long range goals to address the critical issues identified through the needs assessment; then prioritize those goals.

12. **Develop short-term goals and action plans** – establish short-term goals and specific action plans along with scheduled completion dates.

13. **Monitor the progress** – establish a monitoring process to assess the progress made on both short-term and long-range goals.

PLAN EXECUTION –

Plan execution is the second phase of strategic planning. In this step an association puts its plan into action through the allocation of resources. This step has **three components**:

1. **Programs** – association programs serve as blueprints for converting objectives into realities
2. **Procedures** – are the specific sequence of tasks required to complete the programs
3. **Budgets** – an association should prepare budgets to fund programs. Instead, many develop programs based on their budgets. Simply put, an association should be strategy-driven, not budget driven.

If the plan development phase was put together well, then the plan execution phase is much easier. Many of the previously discussed items such as teamwork, roles communication and education are important and apply to the plan execution phase. Hold periodic meetings to review progress on short-term goals and plans. Without periodic meetings and reviews, the

community will not move forward and achieve its goals. Lastly, adaptability is crucial to the plan execution phase since all plans will have flaws. If the team members are not adaptable, there may be simple issues that will not be resolved in a reasonable manner and the community will suffer.

PLAN REVIEW

Plan review is required constantly to improve the plan and ensure its execution. Part of the plan review occurs naturally when there's board turnover, a new homeowner, or changes in the law. In addition, **a plan review** needs to be scheduled to ensure the plan is meeting the community's goals. This can be achieved through **surveys**, management review conferences or discussions at meetings. If the community fails to update the plan, the plan will eventually fail the community. **Industry experts** suggest that associations and their managers review their strategic plans annually and completely overhaul their strategic plans every **three to five years**.

USE OF A CONSULTANT

An outside consultant or professional facilitator brings impartiality, pointed questions and the facilitation skills needed to balance differences of opinion. **Associations** should be aware that consultants will take different approaches to strategic planning as no one, right way exists.

While hiring a consultant can be expensive, he or she will greatly accelerate the association's learning curve and help to ensure that the strategic planning process will complete a full cycle. If budgetary restraints do not allow for such assistance, associations may want to consider using a consultant for the initial sessions, where an objective assessment of the association's current position is necessary.

ASPECTS OF STRATEGIC PLANNING

BENEFITS OF THE LONG-RANGE PLAN

1. Stimulates thinking to make better use of the association's resources
2. Assigns responsibility and schedules work
3. Coordinates and unifies efforts
4. Facilitates control and evaluation of the association's activities (accountability)
5. Creates awareness of obstacles to overcome
6. Identifies opportunities
7. Avoids the trap of linear thinking
8. Facilitates progressive advancement of the association's goals

Characteristics of a Useful Strategic Plan

A useful strategic plan exhibits many characteristics. Specifically, it should be:

1. **A set of priorities** – setting priorities allows for the plan to be adjusted according to changing needs or resources.

2. **Achievable, measurable and time sensitive** – remember, it's better to do a few things well than many things poorly. The plan should contain goals that are measurable and have deadlines.
3. **Flexible and responsive to changing conditions** – the **plan** is a road map that may contain unforeseen detours such as unexpected crises, new opportunities, or changes in resources.
4. **Short and simple** – **plans** that are more like a book will sit on a shelf. Keep it focused on the most important things to accomplish.
5. **A unit, not a menu** – a **useful plan** is not a wish book. Everything in the plan needs to be accomplished.
6. **The means to an end, not an end in itself** – the **plan** is the process by which it reaches its destination; it is not the destination.
7. **Based on a three-to-five-year period** – the **strategic plan** should be a living document that has a 1 year drop off and a new year added so that it always covers the same time period.

Sample Agenda for a Strategic Planning Session

1. Introduction and review of the process
2. History of the association and its significant milestones
3. Overview of the community today
4. Review of current governance structure
5. Development of association mission and vision statements
6. Challenges and threats to the association
7. Opportunities for improvement
8. Classification and prioritization
9. Implementation: timeline and responsibility assignments
10. Summary and conclusion

PITFALLS TO BE AVOIDED IN THE LONG-RANGE PLANNING PROCESS:

- Becoming so engrossed in current problems that insufficient time is spent on long-range planning and the process become discredited
- Failing to assume the necessary involvement in the planning process by other association committees
- Failing to use plans as standards for measuring performance
- Consistently rejecting the formal planning mechanism by making intuitive decisions which conflict with the formal long-range plan
- Failing to develop association goals suitable as a basis for formulating long-range plans

Textbooks:

- Strategic Marketing Management, Naval, Girly H. Mind shapers Co, Inc. 2021
- Strategic Marketing Management, Butler, Dane ED-TECH Press 2019