

The October issue of *PM* was excellent, and I enjoyed the various articles. One in particular I believe deserves a critique. I have been a strategic planner for a number of years. As a distinguished graduate of the Harvard Business School (HBS), I was exposed to this management philosophy (theory) and then practiced it as the Vice President of Strategic Planning at the McDonnell Douglas Corporation in St Louis, Mo. Some of my critics alleged this is the reason that the corporation was merged with Boeing Corporation. Not so. The real reason was the failure to properly implement the strategy that was developed.

The HBS authors (Kaplan and Norton) have created the management tool described by Professor Mary-jo Hall as the Balanced Scorecard (BSC). While the BSC may be a worthy endeavor, the requirement for implementation planning after development of the corporate, business unit, or program strategy was a critical component in the heyday of strategic planning in the 1980s. It was, however, a tougher problem in many cases than strategy development, and thus resulted in many companies putting their strategy on the shelf and, as noted by Professor Hall, returning to near-term financial results. The basic reasons for strategic plan failure were inadequate front-end profiling of the business, failure to implement the plan, and failure to revisit the plan annually and make appropriate revisions and business commitment.

Let me hasten to say that certainly the BSC system is one way of approaching strategic plan implementation and measurement, although as presented by the article it appears to require an extensive amount of training after strategy development just to understand the vocabulary used; its six-step effort is overly complex and more of a crutch than a "bridge."

Thus, here is an alternative approach to the BSC. Let me start with a couple of definitions.

- First, *Strategy*, which is the art of applying resources so they make the most effective contribution toward achieving the ends set by the corporate goals and objectives.
- Second, *Strategic Planning*, which aims to fulfill the objectives laid down by corporate policy, making use of the best resources available. The art of strategic planning consists of choosing the best use of

resources available, and so orchestrating the results that they combine to maximize the return on assets, while frustrating competition.

- Lastly, the definition of *Strategic Thinking* is thinking strategically.

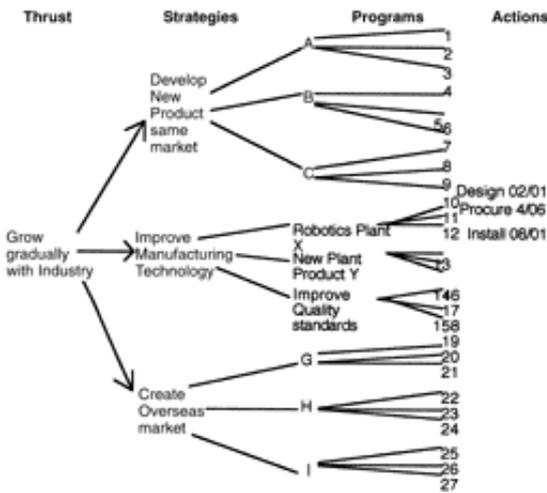
The first two definitions are paraphrases of definitions used by Andre Beaufre in his book, *Andre Beaufre, An Introduction to Strategy* (New York: Praeger 1965). These words can fit both industry and DoD and still fit the test of time, particularly since strategic management had its origins in 60 B.C. In *Caesar's Gaelic Wars*, with the opening statement, "Galia est omnis divisa in partes tres." the ancient book went on to describe strategic management in the military environment.

The issue I take with the BSC article is the idea that there needs to be a "bridge" between the strategy and employee actions. If the strategic planning process is done properly, it is seamless; and this link is built into the process, not separate from the process and requiring some kind of transition or connection. By this, I mean that a large amount of work must be done in developing the business profile of the business itself and its business units before even considering the development of strategy or strategies. This type of profile considers definitions of health, i.e., the health of the corporation, the health of the industry, competitive position, or financial arrays. This leads to a profile of the business in which the entity you are analyzing is engaged. In addition, you need a business culture profile, a business/business personal profile, and business/business unit executive assumptions profile; and lastly, a strength and weaknesses assessment of the business and its business units.

Depending on the size of the business, such a data gathering can take several months. Without this, it would not be possible to develop a strategic plan, but with it you have all the elements needed to develop the plan – and implement it – without the need for a "bridge." Strategy development and implementation is an interactive initiative involving all elements of the organization in its development and implementation, even though it may start at the top of the organization. Experience also indicates that the development of the type of business profiles just discussed could result in determining that the organi-

zation is not ready for a strategic plan because of too many “unknown/unknowns” (Dr. John Foster, former Director, Defense Research and Engineering). Yes, you can get from strategy to employee actions without a “bridge.”

Turning now to the necessary strategy implementation, the first step being communication throughout the organization. This is a multimedia project and must reach the lowest levels of the organization. The second step is the actual implementation plans. A very successful model that has stood the test of time is taken from The Conference Board Report No. 830, 1983. From the business vision, select a thrust; for example, “gain position gradually in the industry.” The appropriate strategies have been determined to be: develop a new product in the same market, improve manufacturing technology, and create an overseas market for the business’s product. Diagrammed, the implementation plan would look like this, and the actions can be carried to the lowest level of the desired action/measurement.



A second thrust might be Innovative Human Resource Management, with strategies such as communications, new hiring policies, or improved union interface. The necessary action plans are many and varied, but could be carried to the individual employee.

Couple this plan with a strategic model or simulation, plus automated reporting of both inputs and

outputs to the plan, and you have an integrated and interactive strategic plan, carried to the lowest desired level of the program project or business. In many cases, the implementation plan may require more assets (fiscal or otherwise) than the business can afford, and thus a revision of the implementation plan or the strategy is required.

The measurement system should draw upon, but be separate from, the financial reporting system. It should be sophisticated enough to measure business performance, but simple enough so that performance can be easily tracked, communicated, and compiled. Such systems are many, i.e., strategic business unit performance, management by results, management by objectives, quality performance, or customer satisfaction surveys. Any of these are reasonably automated, although personal interaction may be the best way to measure customer satisfaction or employee morale. Lastly, implementation plans, while they look out several years, also relate to operational year-to-year plans.

With the methods discussed in this letter, you have an interactive and integrated strategic plan, rather than one requiring a “bridge.” The failure of strategic planning in the past was primarily because it was not done right. Initial analysis was cursory, commitment was lacking, and implementation planning was either not done at all or was limited. Like systems engineering (recently resurrected), it got a bad name – not because it was a bad approach to management; it got a bad name because it was not done well. Now, rather than going back to correct the problems in strategic planning, we invent a new system with a new name and a new language to solve an old problem. To do the strategic plan well can take at least a year with a large corporation, and four to six months for a small business, nonprofit, or an integrated military program. Too often businesses try and separate the planning function from other elements of the organization. While no plan is sacred, strategic planning, done in an integrated manner, provides an excellent road map for a business’s future without the need for a “bridge” to the essential employee actions.

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