

## LEADERSHIP STRATEGY

# 3 Strategic Planning Pitfalls

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*I connect the dots between the economy ... and business!*

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Aug 15, 2013, 12:45pm EDT

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I recently prepared to help a company develop its strategic common pitfalls. A boss of mine once recommended that strategic planning committee, then he said he was not doing me a favor, for he had never seen a strategic planning process work. (In that case, he was right; our company was acquired just as we started the SWOT analysis.)





If you'd like a more thorough approach to strategic planning, check out Richard Rumelt's *Good Strategy/Bad Strategy*. If all you want is my short summary, read on.

**Pitfall 1. Avoiding “No.”** Strategy is about defining what the company will do to achieve its goals. No company, however, can do everything. A good strategy says Yes to some possible actions, but says No to others. All too often corporate leaders are unwilling to say No to anyone. Fred's division has no future, but the CEO has worked with Fred for years, and they are playing golf on Saturday. So the CEO accepts a mission statement and

strategy that includes the hopeless division. Resources are not focused where they can do the most good.

If your mission statement is so broad that it encompasses everything, if your values statement praises all that is good, if your strategy says that you will be all things to all customers, then you need to learn to say No.

**Pitfall 2. Not Connecting to Actions.** I've seen more than one strategic planning retreat produce a reasonable approach to improving the business—and then nothing happens. Every manager goes back to the office and proceeds as if nothing has changed. Without action steps, the big picture strategy is useless. To develop those steps, the team has to identify actions that are necessary to implement the strategy. A good starting point is my article, [Setting Business Goals: It Doesn't Have To Be A Waste Of Time](#).

**Pitfall 3. Vague Actions Steps.** We'll work smarter, not harder. We'll foster a culture of accountability. We will honor our associates. These vague thoughts are sometimes listed as action steps, but they fail to do the job. A good set of action steps helps each manager know what to do first thing in the morning. For example, one element of my strategic plan is to be recognized as a thought leader in the intersection of economics and business. That's an easy thing to claim. It's a useless strategy without something concrete to do. So one of my actions steps below that strategic element is to write for Forbes.com five times a month. I walked into my office this morning and my strategic plan dictated how I spent the morning. If your strategic plan fails to define what the management team does every day, then it needs good action steps.

Good strategy can do wonders for a company. *Good Strategy/ Bad Strategy* is full of great examples. When beginning the strategic planning process, I recommend (even though it sounds self-serving) a good outside consultant. Sometimes the right question can help a team identify a key issue. An outsider can ask if there are data supporting an assumption. A good consultant can encourage the CEO to listen more and talk less.

Here are two tips for evaluating a new potential consultant. First, ask what the pitfalls to the planning process are. (You are looking for someone who knows what challenges have to be overcome.) Second, toss out a stupid idea. See if you get push-back. Although you probably do not want someone to directly tell you that you're stupid, you must avoid someone who fawns over your every stupid idea.

Strategic planning has a bad reputation among some executives, and for good reason. Done right, however, it can drive greater profits and long-term growth.



**Bill Conerly**

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