

Learning Objectives

- **Identify what strategy is, and the key elements needed for successful strategic planning**
- **Describe some of the benefits contractors typically receive from strategic planning**
- **Understand several different models used in strategic planning (SWOT, Porter's 5 Forces, McKinsey 7-S, FMI 4 C's of Context)**
- **Receive exposure to a methodology and tools to drive successful implementation of strategy**

What Is Strategy?



What is strategy?

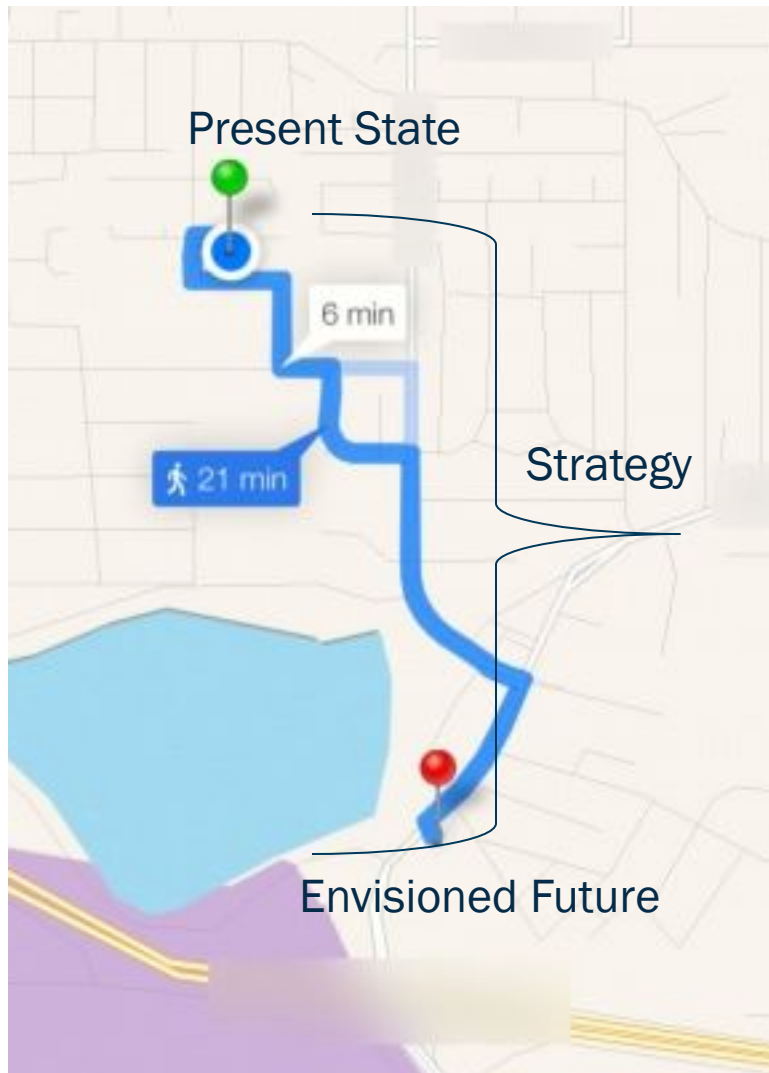
- A classic definition of “strategy” ...
- **“Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and fulfill stakeholder expectations.”**

From Exploring Corporate Strategy by Gerry Johnson and Kevan Scholes (New York: Prentice Hall, 1993)

Another way to think about strategy

- **The decisions you make about what you (collectively) envision for your company over the long term.**
- **Elements include:**
 - Where the firm will compete
 - Geographies, segments, owners, etc.
 - How you will compete
 - Services, scopes, differentiators, etc.
- **May also include intrinsic goals (values-based)**
- **Results in an action plan that closes the gap**

Other ways to think about strategy



What is needed for successful strategic planning

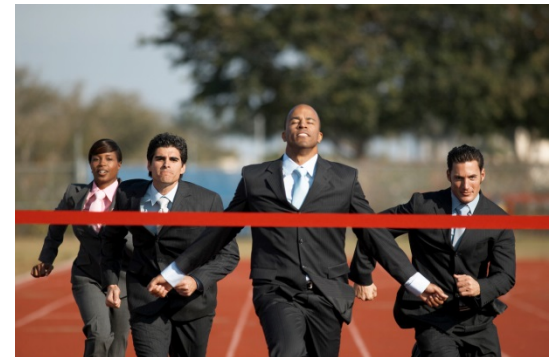
- **Dissatisfaction with the status quo**
 - Need a desire for improved or different results
 - Must be willing to make changes
- **A team of strategic thinkers**
 - Others who can put aside their narrow roles and departmental interests to “think big” about the company as a whole
- **Research / knowledge about your firm’s operating context**

The Benefits of Strategy

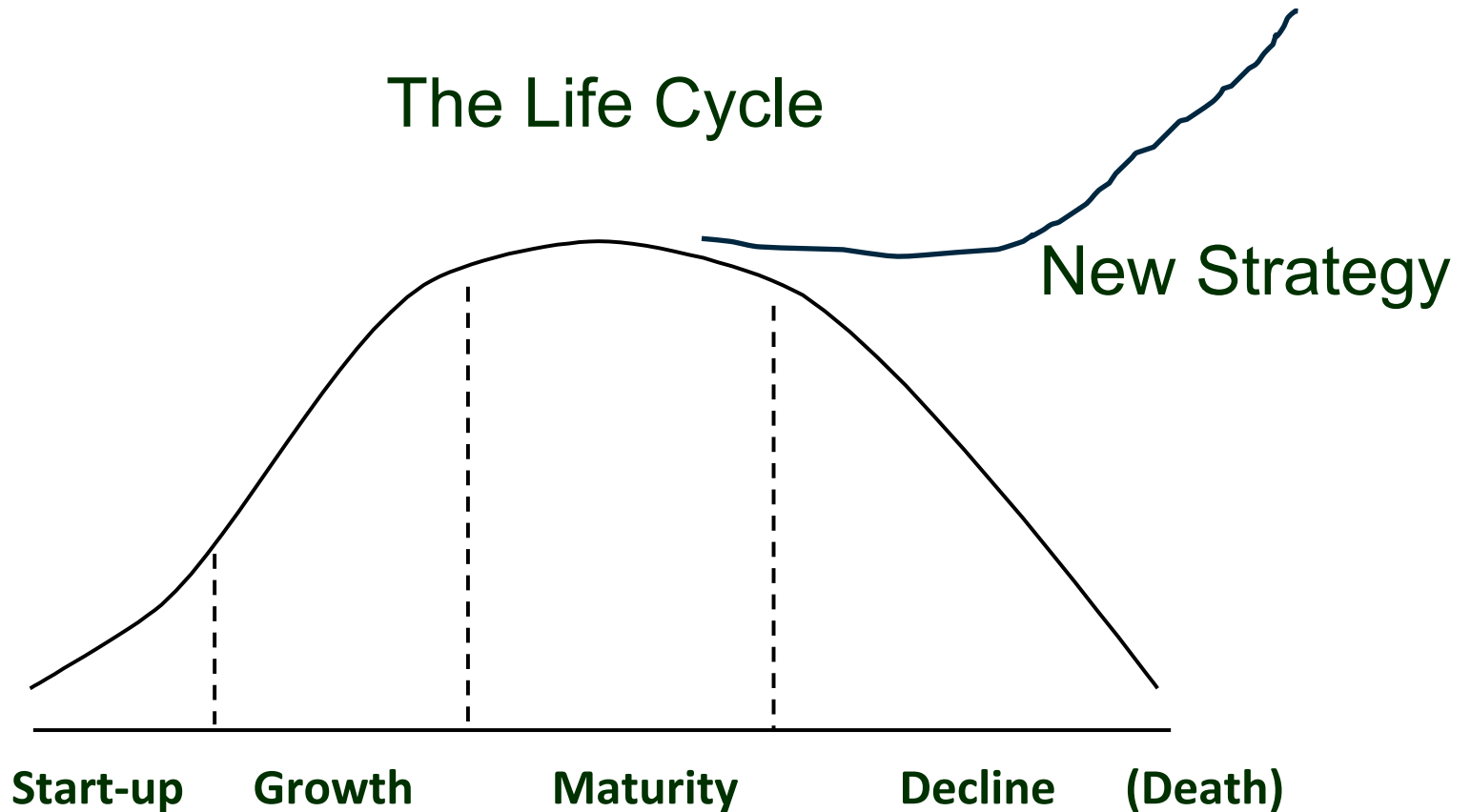


Why Strategic Plans Have Value

- **NO good deal lasts forever**
- **Defines a common vision of success**
- **Identifies and aligns values**
- **Establishes priorities: important vs. urgent**
- **Shapes culture, modifies behavior**
- **Creates sustainable competitive advantage**



Why? No Good Deal Lasts Forever



Other Benefits of Strategic Planning

- **Development opportunity for next generation of company leadership**
- **Build consensus around needed cultural changes**
- **Create buy-in at multiple points within the organization**
 - “Get everyone’s fingerprints on the murder weapon”
- **Prepare the organization for major changes in direction, markets, work types and volume**
- **Improve internal communication**
- **Get the entire organization focused on RESULTS**

Strategy Models & Methodologies



S.W.O.T. Analysis

Internal

- **Strengths:**
 - Enable us to win
 - Give us our core competencies
 - Are the basis for our competitive edge
- **Weaknesses:**
 - Reduce our profit, slow our cash flow
 - Allow our competitors to thrive
 - Severe weaknesses jeopardize our existence

External

- **Opportunities**
 - Are keys to profitable growth
 - May provide challenges to our innovation
 - Must be seized so that our competitors cannot
- **Threats**
 - Retard our growth
 - Diminish our ability to attract clients, people
 - Have the potential to end our enterprise

The McKinsey “7-S” Organizational Framework

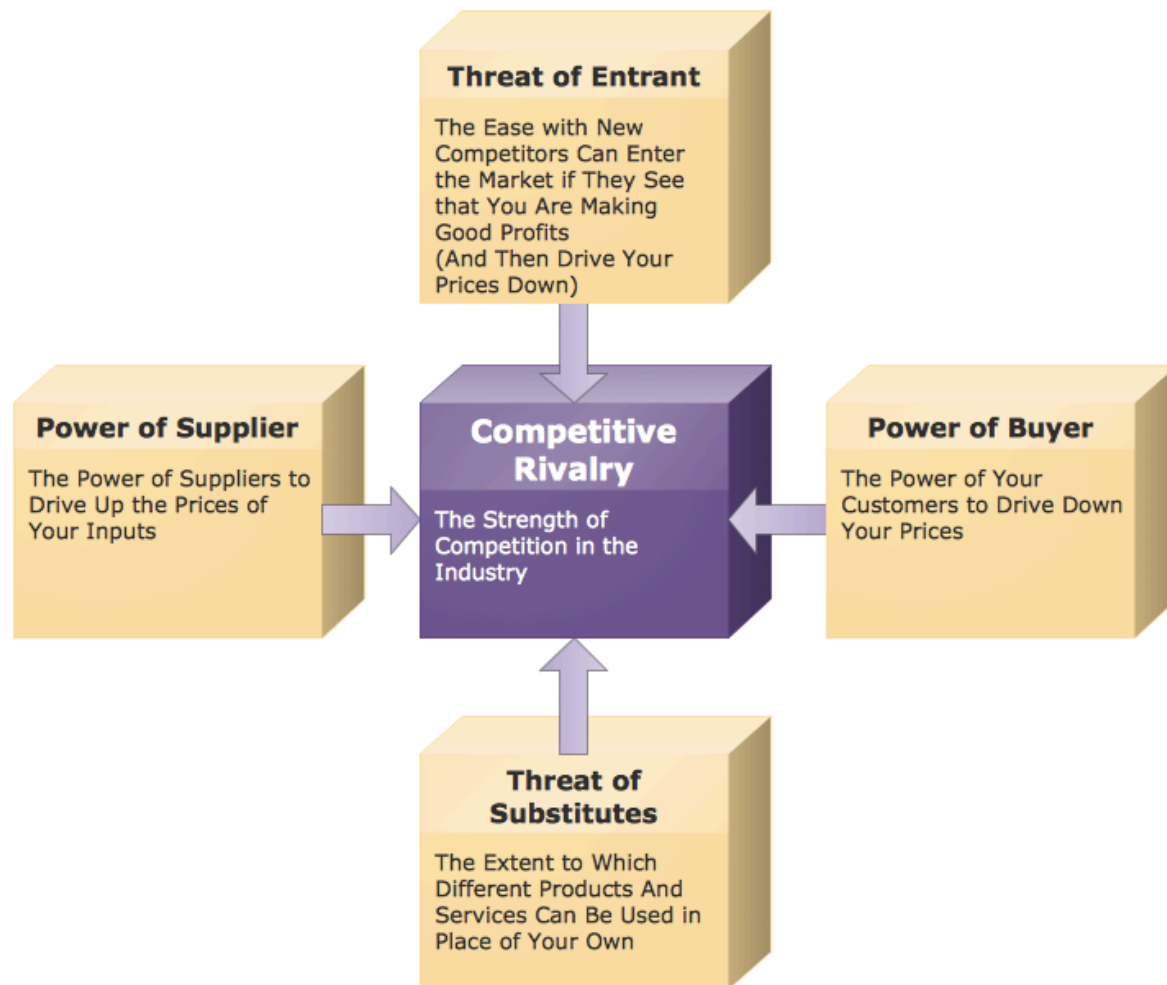
- Developed as part of research for In Search of Excellence
- Framework has been in continuous use since early 1980s

Structure	Strategy	Systems	Style	Staff	Skills	Shared Values
<ul style="list-style-type: none">•The organization chart and accompanying elements that show who reports to whom and how tasks are divided and integrated	<ul style="list-style-type: none">•A coherent set of actions aimed at gaining a sustainable competitive advantage	<ul style="list-style-type: none">•The processes and procedures through which things get done from day to day	<ul style="list-style-type: none">•The way managers collectively behave with respect to time, attention, symbolic actions	<ul style="list-style-type: none">•The people in the organization, considered in terms of corporate demographics, not personalities	<ul style="list-style-type: none">•Capabilities possessed by the organization as a whole or within specific areas	<ul style="list-style-type: none">•The idea of what is “right” and desirable in corporate or individual behavior in the organization (a/k/a Superordinate Goals)

•Based on “Structure Is Not Organization” by R. Waterman, T. Peters & J. Phillips (*Business Horizons*: June 1980)

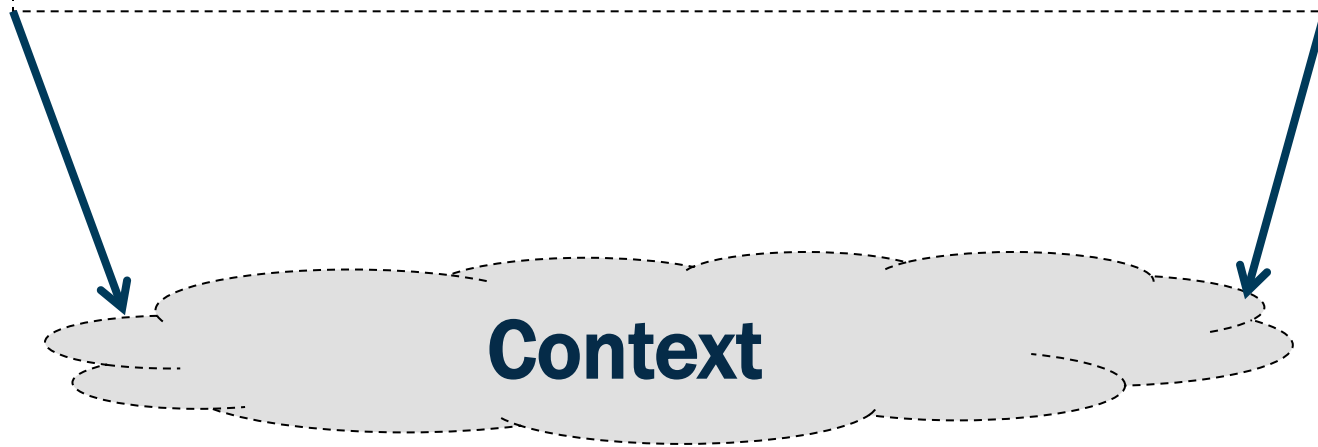
Porter's Five Forces of Industry Attractiveness

Five Forces Model Diagram Example

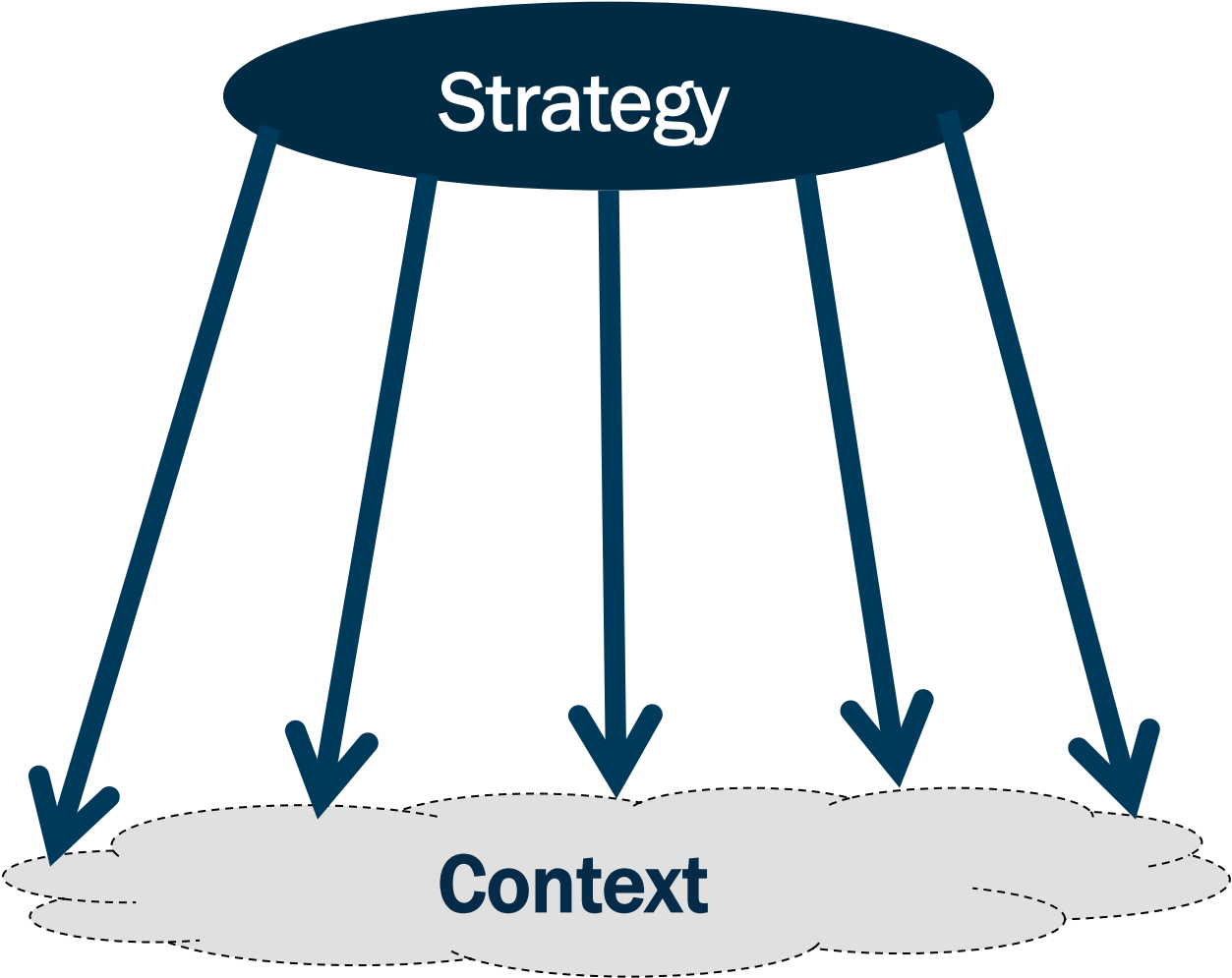


FMI's 4-C's of Strategic Context

- **Climate**: *External factors and forces, e.g., commodity prices, politics, demographics*
- **Customer / Market**: *Everything about customers, e.g., unmet needs, changes in buying behavior*
- **Competitors**: *Everything about competitors, e.g., entry / exit, strategies, management, aggressiveness*
- **Company**: *Internal considerations, e.g., strengths / weaknesses, aspirations, resources*



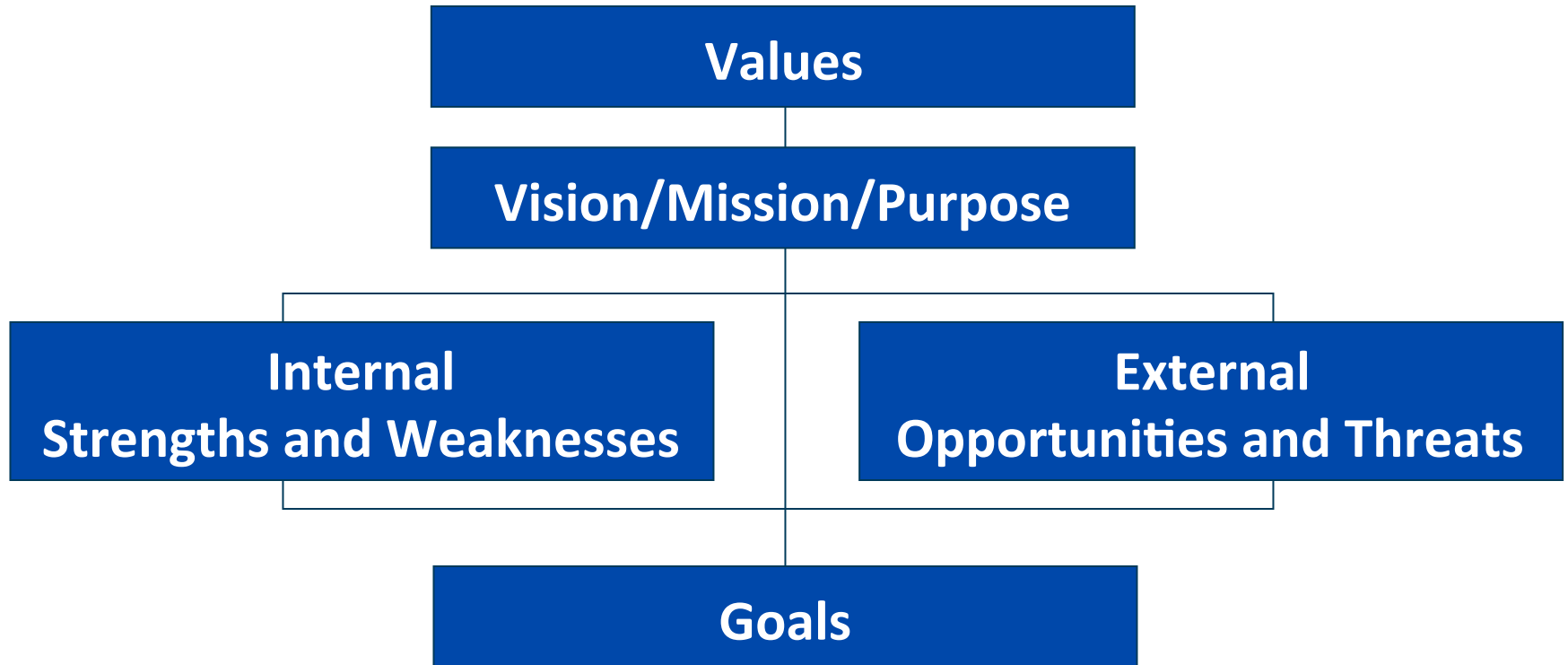
Great Strategy Reflects Keen Understanding of Context



Building Your Strategic Plan



A Basic Model for Strategic Planning *(1 of 2)*



A Basic Model for Strategic Planning *(2 of 2)*



Values / Principles

- What is worthwhile?
- What do we want?
- What is right?
- What do we stand for?
- What won't we compromise?



Values are the foundation of a company's culture

Typical Principles of Mission / Vision

- **Superlative in some way**
- **Short**
- **Portable**
- **Clear**
- **Structure:**
 - Statement of overall purpose
 - Primary services
 - Target customer groups
 - Geographic domain
 - May include a BHAG – Big, Hairy, Audacious Goal

Missions Seek to Either:

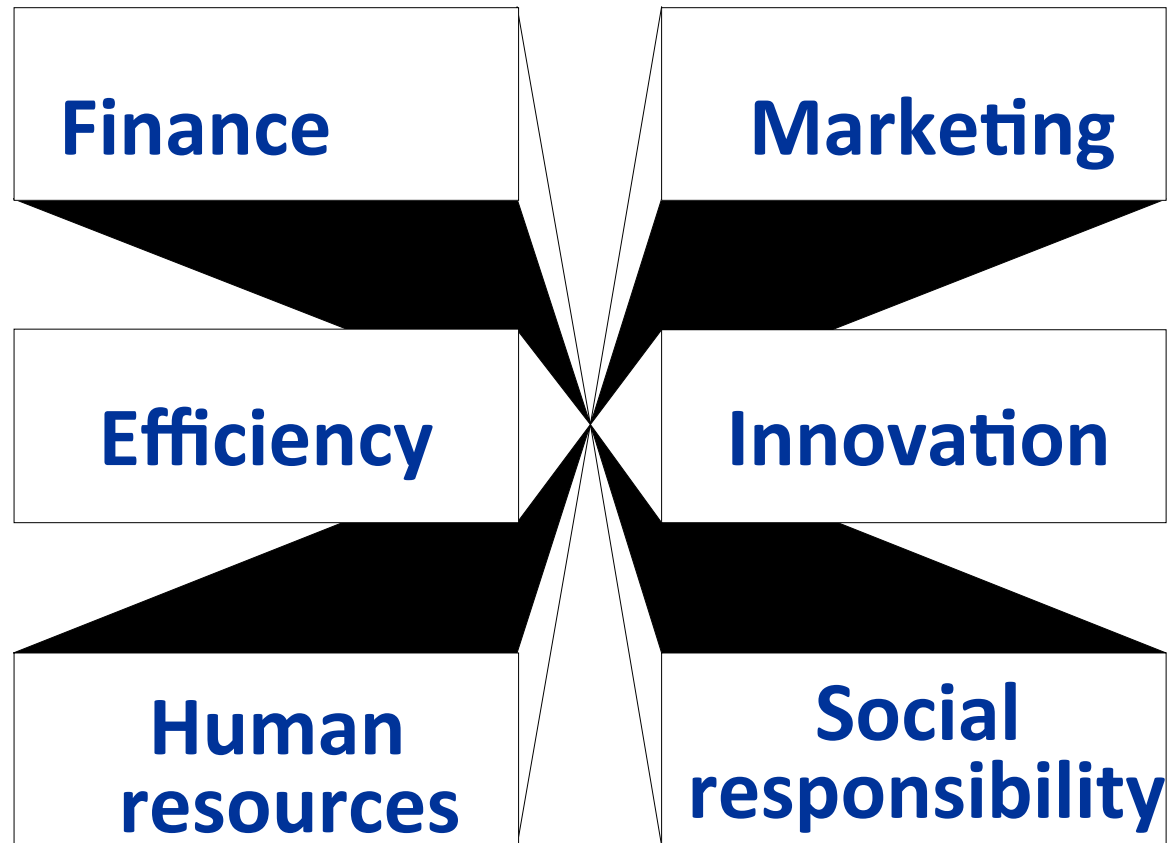
- Galvanize a group of people,
- Provide a model of behavior,
- Set a big target, or
- Change the basis of thought.

Goal

- A general direction or state to be achieved
- May or may not be quantified
- "To improve quality" is a goal
- So is, "to increase our revenues"
- Likewise, "to enter a new market sector"
- A few goals, well-pursued, increase the likelihood of success



Goal Categories



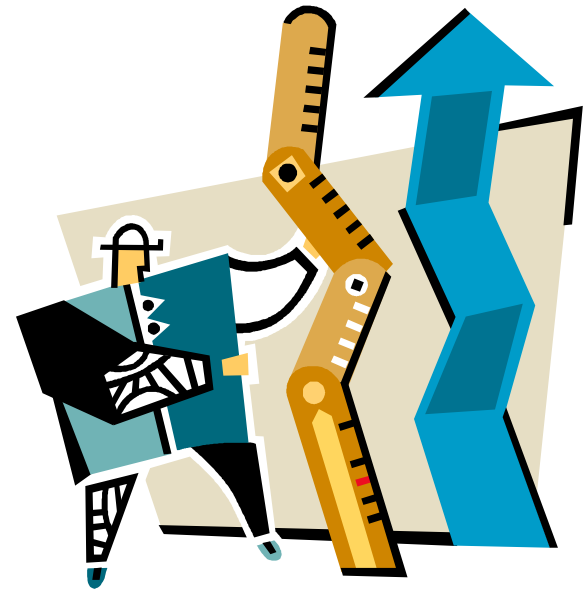
Strategy

- A general statement which answers the question "How will we accomplish that goal?"
- Articulates how we will win, succeed, and thrive (or survive)
- Who will champion the effort?



Objectives

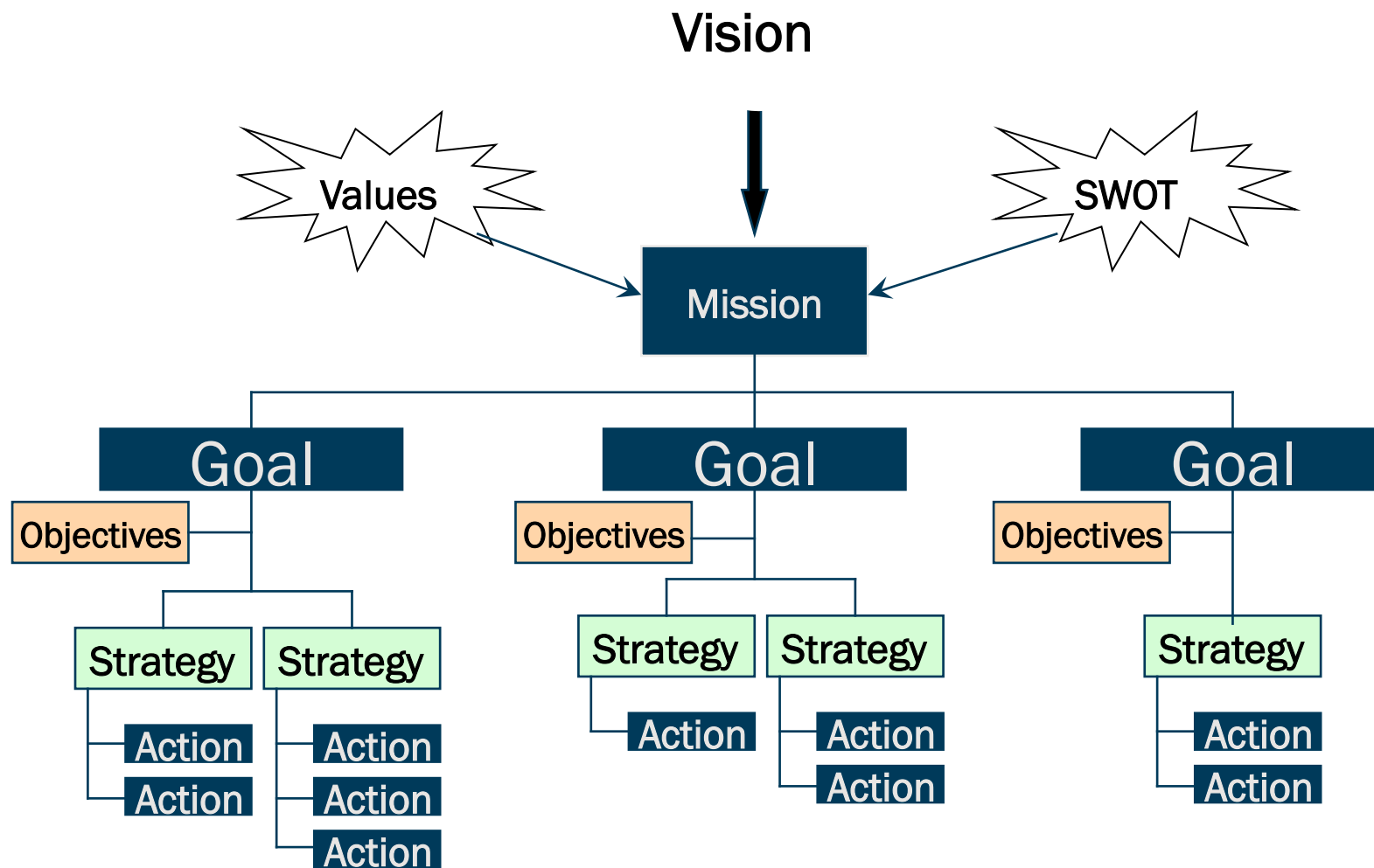
- Quantified measurement of a goal or intention
- Performance measure, key success factor or metric
- *Specifically* answers the questions:
 - How much?
 - How measured?
 - By when?



Action Plans

- **Details how strategy will be executed**
- **Lists tasks, completion dates, individual responsible**
- **May list resource allocations, budget impact, time requirements**

Putting All the Pieces Together



Communicate the Plan

- **Who, when, how?**
- **Interim reporting?**
- **Abbreviated version?**
- **Detailed version?**
- **Slide show?**
- **Website?**
- **New employee orientation?**
- **Qualifications presentations?**

Reinforce Goals and Strategies

- **Public scorekeeping**
- **Involvement: task force**
- **Scheduled meeting agendas**
- **Celebrate successes**
- **Recognition**
- **Incentives**



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