



International  
Labour  
Organization

# The Effective Employers' Organization

A series of “hand-on” guides to building and managing effective employers' organizations



## Guide Two Strategy

A Strategic Approach to the Management of Employers' Organizations

Developing, agreeing and delivering a sustainable business plan



Produced for the Bureau for Employers' Activities of the International Labour Organization by faculty members of the University of Geneva International Organizations MBA



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## **Guide Two Strategy**

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# Guide Two **Strategy**

## A Strategic Approach to the Management of Employers' Organizations

... developing, agreeing and delivering a sustainable business plan

### CONTENTS

SECTION ONE	How to use this guide	1
SECTION TWO	Employers' organizations and strategic planning	3
SECTION THREE	Developing a mission statement	9
SECTION FOUR	Agreeing strategic priorities	13
SECTION FIVE	Turning strategic priorities into objectives and workplans	25
SECTION SIX	Measuring and reviewing progress	31
SECTION SEVEN	Blueprint for developing a strategic plan and final checklist	33
SECTION EIGHT	What the business gurus say (contributed by I. H. Dror – University of Geneva)	41
SECTION NINE	Further reading and links on strategic planning and business associations	49



# Section One

## How to use this guide

**A strategic approach to the management of employers' organizations** is the second in a series of guides that make up **The Effective Employers' Organization** package. The series as a whole is designed to help executives, directors and managers in employers' organizations to build and run their organizations more strategically and more effectively. It is aimed primarily at those setting up, building and managing national level employers' organizations in less developed countries and economies in transition. It will, however, provide a wealth of advice for regional and sectoral organizations that exist to represent the interests of employers, and it will be of interest to national

level employers' organizations in developed countries. This will be the case particularly where organizations are considering or undertaking a strategic review of the way they currently operate.

**A strategic approach to the management of employers' organizations** is a step by step approach to developing, agreeing and delivering a sustainable business plan. It contains a series of practical tools that will help employers' organization leaders to review their current business strategy or to develop one from scratch. The tools are of four types:

### Checklists



**Checklists** are designed to help review where your organization is currently placed, to identify strategic deficiencies and to plan ways to design and implement a sustainable business plan;

### Best practices



**Best practices** provide examples of how other organizations have tackled the problems you face;

### Practical exercises



**Practical exercises** can be used individually, by working parties or by decision making bodies; and

### Key quotes



**Key quotes** from respected writers illustrate the most important points; you can use them in your own talks and written materials.

This guide in **The Effective Employers' Organization** series deals with the design and implementation of strategic plans. It starts with the relevance of strategic planning for employers' organizations and moves on to describe the key steps in the strategic planning and implementation process.

- *Developing a mission statement* discusses the importance of a statement of organizational mission, vision and values as a crucial anchor point for members, those the organization works with and those working in it. It contains advice, practical guidance, exercises and a checklist to assist in the development or revision of statements of mission, vision and values.
- *Agreeing strategic priorities* suggests a simple analytical framework for data gathering, generating a series of strategic options and selecting from them, and gaining buy-in to your strategic plan from key management committees, employers' organization employees and members.
- *Turning strategic priorities into objectives and workplans* examines the important question of moving from a well crafted document to day to day operational reality. It provides ideas on turning the strategic plan into organizational, departmental and individual objectives and workplans.
- *Measuring and reviewing progress* deals with the most important, but typically the most neglected aspect of strategic planning; that is measuring achievements and reviewing and revising plans in the light of experience.

Section seven of the guide offers a *blueprint for developing a strategic plan*. The blueprint is a step by step planning guide aimed particularly at those working with limited resources. Following the blueprint is a summary list of strategic "do's and don'ts" and a *final checklist* that combines the subject specific checklists found at the end of most sections into an overall organizational review tool. These tools can be used at the end of the strategy guide to facilitate action planning, or they can be used at the outset as benchmark measures of where your organization stands in terms of strategic planning.

Towards the end of the guide is a short overview of the academic literature on strategic planning – *what the business gurus say*. This section describes in one place, and in an academic context, the analytical tools suggested in this guide. It is a "stand-alone" section that provides the reader with a basic academic underpinning of the subject of strategy development and points the

way to the further reading suggested in section nine. The section does not relate specifically to employers' organizations and can therefore be reproduced and used independently as a short introduction to the concept of strategic planning.

Finally, *further reading and links on strategic planning and employers' organizations* identifies general ideas for further reading or assistance and suggests additional sources dealing with employers' organizations and strategy development and delivery. There are relatively few specific materials available, and many of them have been developed by the Bureau for Employers' Activities of the International Labour Organization.

The four guides in **The Effective Employers' Organization** series are designed to be multi-purpose tools. Although this guide on strategy should prove to be a relatively straightforward and interesting read, working through it from cover to cover is not the only, or always the best, way to maximize its value. Often organizations will be at different stages of development in the strategic planning process and need to deepen their work in certain areas. For example, turning an existing mission statement into a strategic plan, or a strategic plan into operating reality may be the key priorities. Likewise, an organization might want to start with developing a mission statement and leave the more detailed strategic planning for a later day. Clearly, it is better to work through the whole process, but an organization that has a clear and well understood mission statement will be in better shape than one that doesn't.


It should be noted, however, that an organization working from scratch through to the delivery and review of a strategic plan should avoid skipping steps in the process, particularly where these involve consideration of strategic options or securing buy-in from important groups. Time saved by cutting corners and communication will be more than lost later because the progress made is not soundly thought through or accepted by those who will have an important role in its delivery.

Finally, this is a short guide to a complex issue. It does not claim to be either exhaustive or to contain original ideas. The guide has drawn heavily and unashamedly on earlier materials on the subject of strategic planning generally. It pays particular attention to work carried out with employers' organizations specifically, and it draws on the experience of the authors in observing what does and does not work in day to day practice. Every attempt is made in the text, in the best practice boxes and in the suggestions for further reading to acknowledge the wide variety of sources used.

## Section Two

# Employers' organizations and strategic planning

### Employers' organizations in a rapidly changing world



**KEY QUOTE**

“If a man doesn't know to which port he is bound, no wind is favourable.”

*Seneca  
Roman dramatist,  
philosopher and politician  
5BC – 65AD*

Today, employers' organizations throughout the world are facing new and serious challenges.

- In the **developing world**, the long struggle continues simply to survive. The key problems for these organizations lie in securing adequate member numbers to be representative; generating adequate subscriptions, service income or grants to meet the payroll; and attracting and retaining staff who will give them a competitive edge in a marketplace increasingly dominated by lawyers and consultants. These challenges are often undertaken in an environment where the organization is working to establish itself as the credible “voice of business” and still has to persuade government that the employer voice “matters”.
- In **transition economies**, including those in central and eastern Europe, new employers' organizations have sprung up since the fall of communism in 1989. They have no historic membership or service base upon which to build and must create a sustainable role for themselves in a difficult and competitive market where many of the factors that fostered the relative success of their Western counterparts do not exist. Trade unions are weak; notions of the need for employer solidarity are even weaker; and governments are often reluctant to

share decision making space with business, labour or both.

- In the **developed world**, the rapidly changing nature of employee relations and moves away from multi-employer collective bargaining continue to force more and more employers' organizations to reconsider a service mix historically based on negotiating on behalf of business in pay determination. This has often led to launches of new services, mergers and joint ventures with other organizations representing the interests of business and to cost cutting exercises. Some have been successful, some less so.

At the same time, there has rarely been a moment when the “voice of business” on a range of issues, and to a range of audiences, has needed to be so clearly developed and well articulated. The need to influence the creation and maintenance of a business friendly operating environment in a time of great change has rarely been greater, nor has the agenda been broader or more complex. Issues of globalization and national competitiveness; corporate ethics; environmental protection; marketing freedoms; product and packaging regulation and labour market reform are all on today's employers' organization agenda.

### The need for a strategic approach

Employers' organizations work in the face of increasing service demand, fierce revenue pressures and limited internal resources. Deciding on priorities and raising the funds necessary to enable the organization to advance business interests at the national, regional and global levels cries out for a strategic approach to the determination of priorities and their effective delivery.



Strategic or business planning in the private sector companies that employers' organizations represent is a well accepted part of the regular business timetable that few people would either question or criticize. Companies deal with large sums of money, invest in complex and expensive capital equipment and often operate across national borders. Moreover, their managers and directors rely on persuading their shareholders that they know what they are doing.

The complexities faced by employers' organizations may be different, but they are no less challenging than those faced by private sector companies. They frequently have:

- wide ranging and complex objectives;
- an enormous range of service provision options;
- a very demanding client base – their members; and
- crippling limited resources.

In this context, strategic planning is the only rational way of prioritizing the use of extremely limited resources whilst at the same time securing member understanding and buy-in to organizational objectives. Employers' organizations quite simply cannot do everything that is asked of them and often the establishment of a clear strategic context helps in making and explaining difficult decisions. As an additional benefit, the development of a strategic plan helps improve internal and external communication and enhances teamwork within the employers' organization staff and within and between its various committees.

## Strategic planning in practice

Despite this relatively simple (but persuasive) analysis, research<sup>1</sup> into the translation of employers' organization mission statements into strategy, objectives and performance management systems suggests that there is still some way to go.

A written mission statement exists	78%
The mission statement is turned into a written business strategy	28%
The business strategy is turned into business objectives	33%

More than three quarters of employers' organizations have a written mission statement; this figure is more or less comparable with the performance of their members – private sector employers. What is surprising, however, is that only around one third of employers' organizations turn their mission statement into a business strategy and/or business objectives.

The ILO study also asked how employers' organizations publish these strategic documents. Given the need to make their objectives understood by their members, potential members and by those they seek to influence, the results laid out below are significant.

	Published internally	Published internally and externally
Mission statement	78%	38%
Business strategy	28%	8%
Business objectives	33%	5%

The data for employers' organizations in developed and less developed countries show that the performance of those in the developed countries is somewhat better. This superior performance however is not at a level that should engender complacency. Less than 50% of developed country employers' organizations have a business strategy and just one third have written objectives that stem from it.

<sup>1</sup> Report of the ILO International Symposium on the Future of Employers' Organizations – April 1999.

## A compelling need – but compelling reasons not to act

Strategic planning provides a vehicle to:

- examine the overall reasons for the organization's existence;
- define the core strategies that will deliver the business mission;
- establish workplans based on these core strategies; and
- bond the organization and its members in working towards common and understood goals.

From the ILO evidence it would appear that busy employers' organization executives still need to be persuaded of the need to take time out of their overcrowded schedule to identify the key priorities that will make a real difference to the quality of the operating environment in which their members work.

Typically one, or a combination, of the following factors prevents the employers' organization from devoting time and energy to strategic planning:

- The volume of operational issues and crises arising on a day to day basis prevent the taking of a longer view;
- The success of past strategies can lead executives to believe that the solution to today's problems rests with sticking with tried and tested solutions;
- A lack of objective data relating to member views, membership levels, service take up and competitive pressures; or simply
- Reluctance to change.

All too often, a move to establish a strategy for the first time, or to revise an outdated one, is caused by a crisis. Typically this may result from the loss of a key member or groups of members; a competitor making deep inroads into an established and profitable service; the collapse of a profitable service; a change in the senior management team; the sudden loss of key employees with crucial expertise; a serious funding shortfall; or a fundamental change in the operating environment.

Strategic planning in any of the circumstances described above presents the employers' organization with a major problem. The planning process will take time, energy and resilience. A background of immediate financial or organizational crisis is not the most conducive to considered decision making.

## Persuading the decision makers

In the absence of a crisis situation, the development of a strategic plan will typically call for tough decisions and the process needs to be led and sustained from the very top of the organization. This leads to the first challenge for those advocating a major strategic review – that of persuading the employers' organization leaders to commit wholeheartedly to the process and the resultant outcomes.

Often, a paper or presentation will need to be prepared to provoke a discussion amongst the most senior decision makers in the organization. Clearly the content will vary, but the key elements will be:

- A study of current and recent trends in membership and financing of the organization;
- A desire to better serve member organizations by aligning services offered more closely with their needs;
- An identification of the current and future external challenges facing the organization e.g. competitive developments, trends in employment relations, the government agenda;
- A prediction of where "doing more of the same" will lead the organization over the next three to five years.

After reviewing these questions, if there remains significant doubt or lack of commitment on the part of senior management, it is better not to start a strategic planning process.

## Getting started



### PRACTICAL EXERCISE

If your management team decides to go ahead, there are some immediate questions that need to be considered. With your organization in mind, give some initial thought to these questions now.

- Who will develop the plan?
- What process will you use?
- What are the key milestones?
- How will you arrange to keep your staff and members informed and involved?
- What help will you need?
- Over what timescale will the plan be developed?
- Who will sign the plans off?
- Will you have a budget?

There are no simple answers to these questions. They will depend on the size, shape and complexity of the employers' organization; the resources available to it and the nature of the challenges faced. Some considerations that will apply to all organizations include:

- *Who will develop the plan?* – The overall responsibility for strategic planning rests with the most senior executive manager in the organization – normally called the Secretary General, Director General or Chief Executive. He or she will often delegate responsibility to one manager working with a small planning team and reporting directly to him or her on this matter. The planning team should be small (probably no more than 6 people ... and perhaps 2 or 3 in a small organization). The team will need skills in areas like finance and operational management. It might also be a good idea to involve one or two members who sit on key committees.
- *What process will you use?* – There are many options promoted by various business writers and consultants. You will need to decide on yours and stick to it. The framework suggested in this guide is a relatively simple but effective one. Most processes start from the creation of a mission statement and use this as the foundation for writing and agreeing a business plan based upon a review of member needs, an analysis of competition and an internal and external SWOT analysis (see section four). Next the strategic plan is turned into objectives and workplans. Finally a process is set out for reviewing progress.
- *What are the key milestones?* – Key milestones are normally associated with the occasions when the Chief Executive will need to seek the involvement of, or present conclusions to, the employers' organization Board, to the members and to the employees of the organization. For example, you will need employee feedback and a Board decision on the statement of vision, mission and values. You will probably plan to go through several drafts of the strategic plan prior to final sign off. The final document may well be presented to the General Assembly of the organization.
- *How will you arrange to keep your staff and members informed and involved?* – It is absolutely crucial not to leave your Board, your employees or your members too many steps behind the planning team. To do so risks too much progress being made down tracks that are less acceptable to these stakeholders or presenting sound conclusions that appear too radical if the stakeholders concerned have not followed the thinking process closely.
- *What help will you need?* – Most organizations, even the smallest, will benefit from external assistance by experienced consultants at some points. How much you use outsiders and who they are will depend on the size, complexity and, above all, the financial constraints of the organization. A consultant can help establish the process and milestones and there are certain activities described in the following sections where external help will be of considerable value. Good examples are in facilitating brain storming sessions using SWOT

or PEST analysis (see section four) or defining the statement of mission, vision and values. There are of course major consulting companies that will take over and manage the process for you against their own strategic development model. Few employers' organizations will have the financial means to engage this kind of help, but those with little money to spare might consider requesting a member organization to offer a manager with responsibility for strategic planning to help out. They could also ask the Employers' Bureau of the ILO to supply an expert.

- *Over what timescale will the plan be developed?* – This will depend on how much time you have, but don't be too ambitious. Whilst the planning process might take 6 months in a small organization, in larger and more complex organizations it might take more than a year to ensure that all parties are fully involved and engaged. Don't forget that you will need to schedule discussions and decisions at Board meetings at various stages of the process. You might consider undertaking certain elements of the process and then allowing small breaks for reflection. Logical break points are after the mission, vision and values setting and after the establishment of a strategic plan. If there is a pressing internal or external crisis it might be best to tackle the task against two time horizons; first by developing responses to the most immediately pressing issues over a six month planning horizon. This can be followed by the development and adoption of a longer, say three year, strategic plan in a less stressful environment.

- *Who will sign the plans off?* – Normally plans will be signed off by the Board or the most senior decision making committee in the organization and then communicated to members and externally. Organizations might wish to consider taking the strategic plan to the Annual General Meeting for adoption.
- *Will you have a budget?* – Putting together a strategic plan will certainly take up staff time, but it is also likely to cost money. This is particularly the case if you wish to engage consultants. How much money can your organization afford? As this will almost certainly be “not enough” ... where will be the best areas to spend it?

The above are initial thoughts that you should bear in mind as you read the guide for the first time. The guide itself broadly follows the flow of these questions and in section seven these points are considered in more detail and a blueprint for the development of a strategic plan is proposed.




## THE STRATEGIC PLANNING CHECKLIST – GETTING STARTED –

- Does your organization have a written mission statement?
- Is this mission statement turned into a strategic plan?
- Is your strategic plan turned into workplans?
- Is your mission statement published internally and externally?
- Is your strategic plan published internally and externally?
- Are your workplans published internally?
- Do you have the necessary commitment from your executive team and your Board to undertake a strategic planning review?
- Will your executive team and your Board be prepared to take the tough decisions necessary to see such a plan implemented?
- Who will develop your plan?
- Over what timescale will the plan be developed?
- What process will you use?
- What help are you likely to need?
- Will you have a budget?
- Who will sign the plans off?

## Section Three

# Developing a mission statement



**KEY QUOTE**

“Cheshire Puss,” she began, “Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to,” said the Cat.

“I don’t much care where—” said Alice.

“Then it doesn’t matter which way you go,” said the Cat.

“—so long as I get *SOMEWHERE*,” Alice added as an explanation. “Oh, you’re sure to do that,” said the Cat, “if you only walk long enough.”

*Lewis Carroll*  
Pseudonym of the mathematician and author Charles Lutwidge (1832 – 1890)  
From “Alice’s Adventures in Wonderland” (1865)

The starting point in the strategic planning process is the creation of a mission statement. This typically short statement is often variously described as the mission, vision, vision and values, credo or a combination of these and other terms. The title does not matter.

The purpose of this section is not only, and perhaps not primarily, to assist an employers’ organization to develop a written statement of vision, mission and values from scratch. It is intended to help an organization review its current mission statement to check whether it meets certain basic requirements.

### Qualities of a sound mission statement

The mission statement is an overarching and succinct description of what the organization sets out to achieve. It is not a statement of “how” the mission will be delivered nor is it a statement of “what” is to be done. These matters are covered in section four below and belong in the strategic plan. The strategic plan is a document of limited time

duration, often three or five years, and subject to constant revision in the context of internal and external circumstances. The organizational vision is a statement of overall objectives and guiding principles and as such is not subject to frequent revision. Whilst it is good practice to review the mission statement periodically against strategies and work programmes, this is primarily to check whether the work programmes are in line with the stated mission of the organization rather than the opposite.

A good mission statement should:

- Inform members, staff, partner organizations and the general public of the precise reasons why the organization exists;
- Provide a clear reference point for establishing organizational strategy and objectives, setting priorities to allocate resources and assigning tasks; and
- Act as a source of alignment and inspiration for members and staff in the delivery of organizational objectives.

Allison and Kaye believe that a good mission statement should comprise the following elements:

- **Purpose** – One sentence that describes the end result an organization seeks to accomplish (and for whom) e.g. “to improve the competitive environment for business”;
- **Business** – A description of the primary means used to accomplish the purpose e.g. “through effective advocacy with regulators and the provision of services to members”; and
- **Values** – A listing of the values, beliefs or guiding principles shared by members of an organization e.g. “quality outputs and value for money services”.

### Writing your mission statement

Writing a mission statement is not easy. It should involve key stakeholders like staff and members in its development and approval. This will often take some time to achieve. Particularly so as the mission statement should not be a consensus driven compromise, but a statement that will describe clearly to the outside world what the

organization stands for and capture the imagination and commitment of staff and members. The mission statement is the “gold standard” against which organizational activities and priorities are measured.

***Time saved in short-cutting the development of the mission statement will often be lost when trying to turn it into detailed strategies and work plans.***

If you have decided to establish a small planning team working for the Chief Executive you might start with them. Otherwise the place to begin is with the Board itself. The following exercise has been derived from that used by IBEC (the Irish Business Employers Confederation) when they reviewed their existing mission and values statement in preparation for their strategic review in the late 1990’s.



**PRACTICAL EXERCISE**

**Writing your mission statement**

Discuss the following questions and agree a mission statement for your organization based upon your responses:

- Q1** What is/are the main problem(s) that our employers’ organization exists to solve? Describe how the world would be improved, changed or different if our employers’ organization was successful in solving the problem or responding to the need.
- Q2** What is the main purpose of our employers’ organization? This should be a short statement that describes the ultimate result we are hoping to achieve; making sure to indicate outcomes and results (e.g. to improve the business environment); note the means of achieving these results (e.g. by lobbying government).
- Q3** What is our business? Describe the business or businesses we are in – our primary services or activities.
- Q4** What are the fundamental values and beliefs that should guide us in our day to day interactions with each other, with our members and with others?
- Q5** To be successful into the future, which of these will remain the same, what needs to change and how?

**Remembering that a mission statement needs to be:**

**Short  
Simple  
Powerful**

**Compelling  
Challenging  
Realistic**

**Meaningful  
Unambiguous  
Inspirational**

**... and Exciting**

Write – in less than 100 words – your mission statement based on the answers to these questions. Review this against your current (if you have one) mission statement and debate whether changes are needed.

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## Gaining commitment to your mission statement

Remember that the mission statement is the fundamental building block upon which your organization’s strategy and workplans will be built. It is also the way you will describe your organization’s purpose to members, potential members and to business partners. You will wish to get views on the draft from employees and a representative sample of members and you will need to discuss and agree it with your Board or equivalent.

The best way to do this is to produce a consultative draft and submit it to a small number of representative employee and member focus groups

(all employees in small organizations). The amended draft can then be put to your Board for review and decision.

Time taken getting commitment to your mission statement is time well spent. Your mission statement is also the first fundamental practical output in the strategic planning process.

At this point, if your mission statement is new or substantially revised, you might wish to undertake a communication exercise with all employees, all members and key stakeholders to publicize it. Your mission statement should certainly feature in all your press releases, major communications and your website.

SECTION THREE

### BEST PRACTICES



#### Some Employers’ Organization Mission Statements



“IBEC will vigorously promote the interests of Irish business and employers by working to create and sustain a competitive business environment that encourages enterprise and growth. As the recognized independent voice of business, IBEC is dedicated to meeting member needs by providing leadership and excellent services through its team of professional and committed staff.”


JAMAICA EMPLOYERS’ FEDERATION

#### MISSION STATEMENT



“ TO LEAD THE DEVELOPMENT OF AN ENABLING BUSINESS ENVIRONMENT, THROUGH THE EFFECTIVE REPRESENTATION AND PROVISION OF VALUE-ADDED SERVICES THAT STRENGTHEN THE ABILITY OF EMPLOYERS TO OPTIMIZE COMPETITIVENESS AND WORKPLACE HARMONY ”





## BEST PRACTICES (cont.)

### Some Employers' Organization Mission Statements



#### THE EMPLOYERS' FEDERATION OF CEYLON

**Vision:** To promote social harmony through productive employment.

**Mission:** To encourage workers, their organizations and the Government to co-operate with business for the attainment of the following objectives:

- To make employees more efficient and quality conscious
- To achieve better terms and conditions of employment
- To prevent industrial strife and, where disputes have arisen, to resolve them in a fair and expeditious manner
- To generate employment opportunities
- To provide members with services to achieve objectives of growth and stability.



The Mission of the Federation of Kenya Employers is “to continuously raise the social consciousness as well as to protect the interests of Kenya employers through the promotion of modern management policies, public policy advocacy, fair labour practices and sound industrial relations in order to enable them to promote free enterprise, cultivate entrepreneurship culture, influence and control business environment, create quality and productivity awareness, improve profitability and foster growth and employment.”



## STATEMENTS OF VISION AND MISSION CHECKLIST

- Do you have a written mission statement?
- Have you reviewed it recently (within the last three years)?
- Did the development of your mission statement involve your Board, staff and members?
- Does your mission statement contain “Purpose”, “Business” and “Values”?
- Is your mission statement short, simple and powerful?
- Is your mission statement compelling, challenging and realistic?
- Is your mission statement meaningful, unambiguous and inspirational?
- Is your mission statement exciting?
- Do you regularly check work priorities and programmes against your mission statement?
- Is your mission statement prominently featured on your website?
- Do you use your mission statement regularly in external communications?

## Section Four

### Agreeing strategic priorities

The drafting of a strategic plan requires employers' organizations to address the following issues:

- Where the employers' organization is now;
- The present state of the market including a competitor analysis and the prevailing external environment;
- Deciding where the organizational priorities should be;
- Developing strategies to achieve organizational objectives.

In order to carry out this task, the organization will need to agree on a planning horizon, which is normally set between three and five years. Having decided on a planning horizon, the work can be split into three stages:

- Internal and external analyses;
- Review of the strategic options open to the organization and selection of priorities;
- Developing objectives and workplans to meet the strategic priorities.

This section of the guide deals with the first two stages. Section five is devoted to turning strategic priorities into objectives and workplans.

#### Internal and external analyses

There are many methodologies open to organizations seeking to review how they stand vis à vis market opportunities and a number of them are described in section eight.

As this guide is designed to be as close to a "do-it-yourself" tool as possible, a robust but simple approach is suggested. If, however, you prefer other models or employ consultants who regularly use a particular technique, you should feel free to adopt a different approach to establishing the strategic alternatives open to your organization.

***Whatever the method used, it should enable you to generate a list of potential strategic options from which you can select priorities.***

The tools suggested here are:

- A SWOT (strengths, weaknesses, opportunities and threats) analysis of the internal and external environments;
- A PEST (political, economic, social and technological) analysis of the external environment; and
- Some form of member survey.

If your organization works in a very complex or competitive environment, you might wish to supplement this analysis using the Michael Porter "Five Forces Model" described in detail in section eight.

Using the data generated from these analyses, your planning team will be able to identify the strategic options open to the organization and debate the priority areas. By the end of this exercise, the planning team should be in a position to present to the Board their analysis of:

- Strengths, weaknesses, opportunities and threats;
- Member views on the organization today and where it should go in the future;
- The main strategic alternatives;
- The competitive environment in these areas; and
- Their view on the organizational priorities to be followed.

At this point it will be the responsibility of the Board to select and agree upon the policy priorities.

***It is important not to go beyond this planning stage and into resource allocation without the involvement and agreement of the Board on priorities.***

## Undertaking SWOT and PEST analyses and conducting a member survey

The following pages provide step by step guides to the conduct of SWOT and PEST analyses and the design and operation of a member survey.

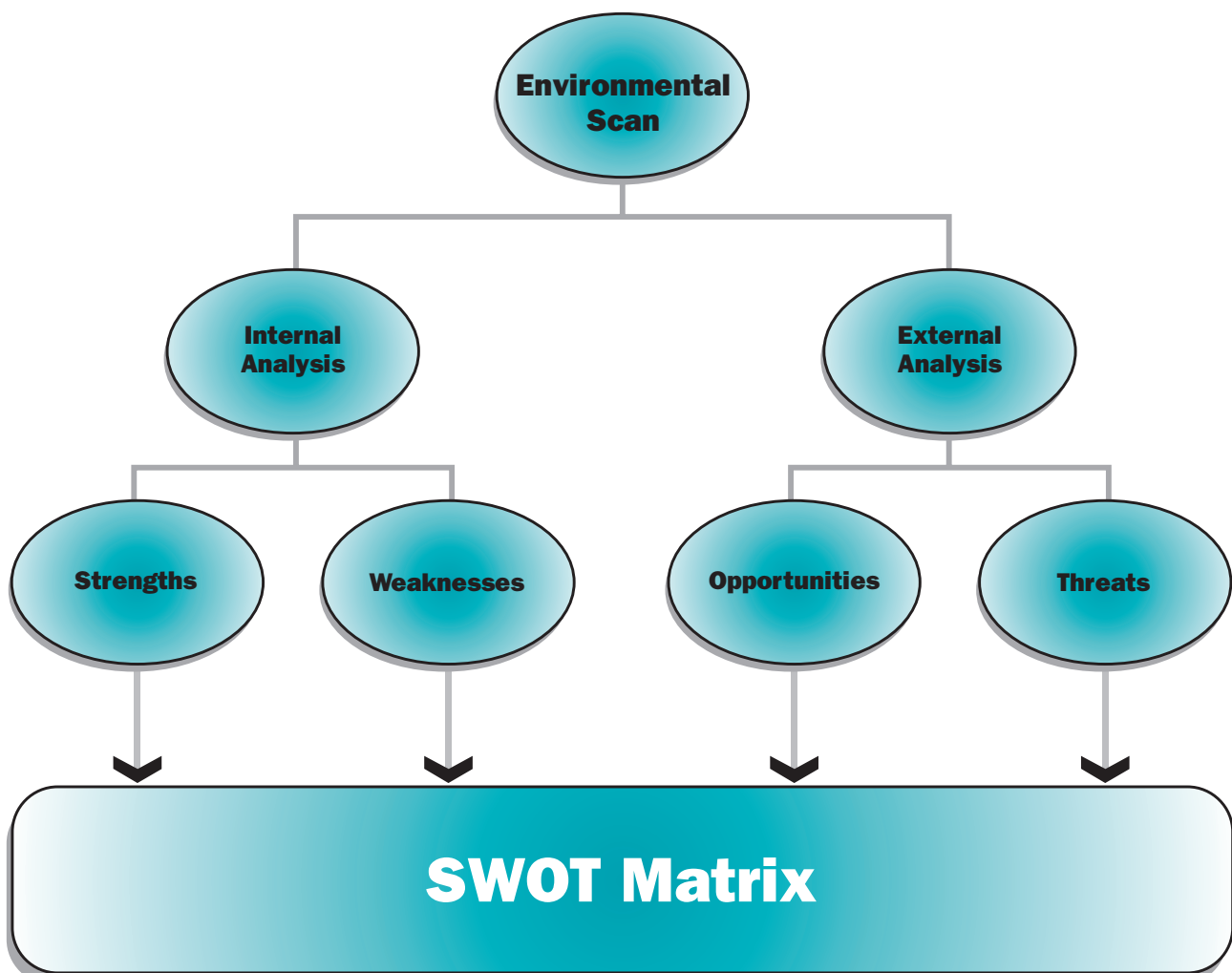
### Conducting a SWOT analysis

The SWOT analysis is helpful in matching the organization's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. The following diagram shows how a SWOT analysis fits into what is often called "an environmental scan".

A key distinction is made in the SWOT analysis between internal and external factors: *Strengths and Weaknesses* are internal factors. For example, a strength could be your specialist expertise in employee relations. A weakness could be an exclusive focus on collective issues. *Opportunities and Threats* are external factors. For example, an opportunity could be to build on strong brand recognition or a loyal member base. A threat could be a new competitor in an important existing market.

SWOT suggests that an organization should not necessarily always pursue the more lucrative opportunities. It may have a better chance of developing competitive advantage by identifying a fit between the organization's strengths and upcoming opportunities. In some cases, it will be more appropriate for the organization to overcome a weakness in order to exploit a compelling opportunity.

To develop strategies that take account of the SWOT profile, a matrix of these factors can be constructed. The SWOT matrix is shown below.



	Strengths	Weaknesses
Opportunities	S – O strategies	W – O strategies
Threats	S – T strategies	W – T strategies

- **S – O strategies** pursue opportunities that are a good fit to the organization’s strengths.
- **W – O strategies** overcome weaknesses to pursue opportunities.
- **S – T strategies** identify ways that the organization can use its strengths to reduce vulnerability to external threats.
- **W – T strategies** establish a defensive plan to prevent the organization’s weaknesses from making it highly susceptible to external threats.

It is worth pointing out that the SWOT analysis can be very subjective. Two people rarely come up with the same version of a SWOT analysis, even when they are given the same information about the same business and its environment. Adding and weighting criteria to each factor can increase the validity of the analysis. As a consequence of this subjectivity, SWOT analyses are best used in group work and as guides rather than prescriptions.

## PRACTICAL EXERCISE



Each member of your planning team should complete the following matrix looking at strengths and weaknesses relative to the **internal working** of the organization and opportunities and threats relative to the **external environment** over the agreed planning horizon (normally 3 to 5 years). The members of the team should then share their findings with each other, discuss them and come to a conclusion on the key strengths and weaknesses of the organization and the opportunities and threats that exist.

SWOT MATRIX	
Organizational strengths	Opportunities presented
<ul style="list-style-type: none"> <li>■ e.g. Strong membership base</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> </ul>	<ul style="list-style-type: none"> <li>■ e.g. Government privatization programme</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> </ul>
Organizational weaknesses	Threats identified
<ul style="list-style-type: none"> <li>■ e.g. Lack of in-house expertise</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> </ul>	<ul style="list-style-type: none"> <li>■ e.g. Decentralization of bargaining</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> <li>■ _____</li> </ul>



## PRACTICAL EXERCISE (cont.)

For many employers' organizations it might be useful to consider the external environment at more than one level. For example in Europe, employers' organizations might consider the national level, the regional (EU) level and the international level in the following way:

EXTERNAL OPPORTUNITIES AND THREATS		
	Opportunities	Threats
<b>National</b>	■ e.g. Privatization programme	■ e.g. Decentralization of bargaining
	■ _____	■ _____
	■ _____	■ _____
	■ _____	■ _____
	■ _____	■ _____
<b>Regional (e.g. EU)</b>	■ e.g. Competitiveness need	■ e.g. Environmental laws
	■ _____	■ _____
	■ _____	■ _____
	■ _____	■ _____
	■ _____	■ _____
<b>International</b>	■ e.g. International network	■ e.g. Terrorism threats
	■ _____	■ _____
	■ _____	■ _____
	■ _____	■ _____
	■ _____	■ _____

### Conducting a PEST analysis

If you find it difficult to identify external opportunities and threats, it will be useful to undertake a PEST analysis.

The PEST analysis is a framework used to scan the strategic external macro-environment in which your organization operates. PEST is an acronym for the following factors:

- **P**olitical factors
- **E**conomic factors
- **S**ocial factors, and
- **T**echnological factors.

PEST factors are usually beyond the control of the organization and are therefore generally considered as either threats or opportunities.


As macro-economic factors differ by continent, country or even region, a PEST analysis needs to be performed at the correct level of aggregation. In a country with strong regional differences, it may be done at the regional level. The table below gives examples of typical PEST factors.

Political (including Legal)	Economic	Social	Technological
Environmental regulations and protection	Economic growth	Income distribution	Government research spending
Tax policies	Interest rates & monetary policies	Demographics	Industry focus on technological effort
International trade regulations and restrictions	Government spending	Labour/social mobility	New inventions and development
Contract enforcement law & consumer protection	Unemployment policy	Lifestyle changes	Rate of technology transfer
Employment laws	Taxation	Work/career and leisure attitudes	Life cycle and speed of technological obsolescence
Government organization/attitude	Exchange rates	Education	Energy use and costs
Political stability	Stage of the business cycle	Health consciousness & welfare, safety	(Changes in) internet

Completing a PEST analysis is a relatively simple process, and can be done via workshops using brainstorming techniques. It may be worth knowing that some consultants recommend the use of extended forms of PEST analysis, such as SLEPT (plus Legal) or the STEEPLE analysis: Social/demographic, Technological, Economic, Environmental (natural), Political, Legal and Ethical factors, etc.

**Conducting a member survey**

It is important to have a good idea of how your members feel about the effectiveness of your organization in the services it provides. This will add considerably to the data generated in the SWOT exercise and provide a reality check for those who have completed the matrices.



**KEY QUOTE**

“Before you build a better mousetrap, make sure you have some mice out there.”

*Yogi Berra  
US Baseball “Hall of Fame” catcher  
B 1925*

At one extreme, employers’ organizations might wish to engage the services of a professional survey company to carry out some or all the following tasks: questionnaire design, focus group facilitation, provision of a confidential response facility, provision of a professional analysis of responses. Many organizations will simply not have the resources to engage a professional organization or will wish to limit their involvement to what they consider to be the truly “value added” elements in the process in their own national context. This might, for example, be steps to assure the confidentiality of individual responses.



## PRACTICAL EXERCISE

For those organizations that wish to undertake a written member survey or to conduct focus groups themselves, a sample outline questionnaire follows. The questions are based loosely around the survey conducted by the Irish employers’ federation IBEC and printed in the ILO strategic planning guide. You should feel free to amend it to suit your purposes.

### CONFIDENTIALITY STATEMENT

Thank you for taking part in this survey (focus group). The collective results will be used by XXX to monitor opinions on how valuable you consider membership of our organization is. We wish to establish how important you think the activities and services we provide are and how effective you feel we are in delivering them. We assure you that the information you provide will not be used to identify individual companies and will be treated in the strictest confidence.

### CLASSIFICATION OF RESPONSES

This information will only be used for classification of responses

Annual turnover (give appropriate ranges)   ..... to .....

..... to .....

Number of employees (give appropriate ranges)   ..... to .....

..... to .....

Main area of activity (list classifications)

e.g. manufacturing  
chemicals  
food drink and tobacco  
.....  
etc



**PRACTICAL EXERCISE (cont.)**

**TYPICAL SURVEY OR INTERVIEW QUESTIONS**

**Q1** Listed below are the services and activities provided by XXX. Indicate in column “A” how important this service or activity is to you when you consider membership of our organization. Indicate in column “B” how effective you feel we are in delivering the standard of service you expect. In each column use the following rating scale.

Extremely important  
OR  
Excellent service

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
----------	----------	----------	----------	----------

Not at all important  
OR  
Very poor service

	“A” importance	“B” effectiveness	No experience
<b>List services provided</b>			
e.g. Employment law advice			
<b>List advocacy issues</b>			
e.g. Employment legislation			

**Q2** How often do you use the services/activities of XXX?

Very frequently	
Frequently	
Occasionally	
Rarely	
Never	
When a problem occurs	

**Q3** Which three XXX services or activities do you use most frequently?

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_





## PRACTICAL EXERCISE (cont.)

- Q4** How effective or ineffective do you feel XXX is in representing the voice of business to the following audiences?

	Very effective	Fairly effective	Not very effective	Ineffective	Don't know
<b>List key audiences</b>					
e.g. Government					
State agencies					
General public					

- Q5** How effective do you feel XXX are in the media?

	Very effective	Fairly effective	Not very effective	Not at all effective
<b>List relevant media by specific title</b>				
e.g. Radio, TV,				
National newspaper				
Business journals, etc.				

- Q6** How often do you read the XXXX newsletter/magazine? (name it)

Regularly	Occasionally	Never

- Q7** If you read XXX (give the title) regularly or occasionally, rate its content in terms of usefulness to you.

	Very useful	Useful	Not useful	Do not read
<b>List regular features and areas covered</b>				
e.g. Editorial				
Employment law				
Safety and health				
Etc.				



**PRACTICAL EXERCISE (cont.)**

**Q8** How effective do you find XXX manuals and website are in keeping you informed?

	Very effective	Fairly effective	Not very effective	Not at all effective	No view
<b>List member communication materials</b>					
e.g. Website					
Industrial relations databank					
Survey reports					
Newsletters					

**Q9** If you were to suggest three things to XXX in order to help them serve your needs better, what would they be?

**1<sup>st</sup>** \_\_\_\_\_  
 \_\_\_\_\_

**2<sup>nd</sup>** \_\_\_\_\_  
 \_\_\_\_\_

**3<sup>rd</sup>** \_\_\_\_\_  
 \_\_\_\_\_

**Q10** Are there any services not currently being provided by XXX that you feel should be offered?

Yes     No

If yes, please give details \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_




## PRACTICAL EXERCISE (cont.)

**Q11** Please indicate how much you agree or disagree with each of the following statements about XXX in relation to their service to your organization.

	<b>Strongly agree</b>	<b>Tend to agree</b>	<b>Tend to disagree</b>	<b>Strongly disagree</b>
The range of services provided covers our business needs				
XXX understands our business and its needs				
We receive a professional and courteous service				
XXX staff are proficient in the areas they cover				
We receive a fast and effective response to our queries				
XXX responds promptly and effectively to policy issues				
We receive good value for money				
XXX works with us to improve the efficiency and effectiveness of our business				
XXX understands and supports small companies				

## Deciding where organizational priorities should be

Armed with their conclusions from the SWOT and PEST analyses and the result of your member survey or focus groups, the planning team will be in a good position to list the strategic options and discuss priorities.



**KEY QUOTE**

“Winning today is never enough; unless the seeds of tomorrow’s success are planted and cultivated, the organization will not have a future.”

*Liam Fahey  
The Portable MBA in Strategy  
1994*

The real skill in strategic planning lies in this area. It calls for a skilled assessment of the current environment and the likely environment of the future. From this assessment, opportunities to strengthen the organization will emerge. In evaluating these potential opportunities, the planning team should check strategic alignment with the mission statement, review current and potential competitors and their relative strengths, and the internal strengths and weaknesses of the employers’ organization itself. The planning team should ask how strengths can be built upon and weaknesses reduced or eliminated. You will recall the SWOT matrix described above, which will demonstrate the approach to the strategic priorities your organization adopts. The matrix will take the following forms:

**S – O strategies** pursue opportunities that are a good fit to the organization’s strengths.

**W – O strategies** overcome weaknesses to pursue opportunities.

**S – T strategies** identify ways that the organization can use its strengths to reduce vulnerability to external threats.

**W – T strategies** establish a defensive plan to prevent the organization’s weaknesses from making it highly susceptible to external threats.

## Getting agreement to the strategic priorities

Your priorities will probably fall into two distinct areas – representative services (or advocacy) and direct member services.

When the planning team has reached conclusions on their view of the priority areas for action, it is time to return to the Board to discuss these proposals in detail. If these strategic priorities are to be adopted and delivered by actions, the Board must be in complete agreement with them. Going further with the analysis and turning the priority areas into strategic objectives at this point will change the nature of the Board discussion. The objective at this stage is to initiate a serious debate on overall priorities. The introduction of objectives and workplans will tend to move the debate into arguments of detail when the requirement is for a top level strategic analysis. At this point it might be useful to consider discussing the priorities proposed with a selection of employers’ organization staff and with a small group or groups of members to ensure that they are aligned with the priority needs of the organization’s members.

For the planning team, the Board discussion will not only deliver agreement on the strategic policy areas, but will also provide some insight into the Board’s view on how these should be turned into objectives and workplans.




## AGREEING STRATEGIC PRIORITIES CHECKLIST

- Have you established a planning horizon for your strategy?
- Have you conducted an internal/external analysis using the SWOT technique or similar?
- Have you conducted a member survey or run member focus groups?
- Have you developed a list of strategic options?
- Have you developed a draft list of strategic priorities?
- Have you discussed this draft list with a selection of members?
- Have you discussed this draft list with a selection of staff?
- Has your draft list been reviewed and adopted by the Board of the organization?

## Section Five

# Turning strategic priorities into objectives and workplans



**KEY QUOTE**

“Strategy is 1% formulation and 99% implementation”

*Thomas Edison*  
US Inventor  
1847 – 1931

By now the Board of the organization will have taken a firm decision on the areas that will be priorities over your chosen planning horizon. For the planning team, this is the time when others in the organization will need to be much more fully involved in the process. Objectives need to be bought into by those who will be responsible for their delivery; this is difficult to achieve if detailed objectives are seen to be imposed from the outside or above.

A strategic objective defines the precise goal being pursued to the extent that individual managers can produce detailed workplans to ensure it is met. In addition, the organization can measure the extent to which the objective has been achieved. The definition of the strategic objectives should make it possible to guarantee that the organization’s mission will be carried out, that opportunities and strengths will be exploited, and that threats and weaknesses will be combated.

Most managers are aware of the acronym SMART in relation to the setting of objectives. SMART objectives are:

<b>SPECIFIC</b>	Do the objectives specify what they want to achieve?
<b>MEASURABLE</b>	Can you measure whether you are meeting the objectives or not?
<b>ACHIEVABLE</b>	Are the objectives achievable and attainable?
<b>REALISTIC</b>	Can you realistically achieve the objectives with the resources you have?
<b>TIMEBOUND</b>	When do you want to achieve the set objectives?

Working with operational teams, the planning team can draft the organization’s strategic objectives. Brainstorming followed by the grouping of ideas is a useful process at this point. The objectives can then be refined and put into priority order. Each objective should contain a precise and measurable goal and a person responsible. But remember:

- An organization that has 27 priority objectives has none at all; and
- When everyone is responsible for delivery of an objective, no-one takes responsibility.

The following longer list of the characteristics of sound objectives is reproduced from the Guide to Management of Entrepreneurial Organizations by Gonzalez Marroquin of the Bureau for Employers’ Activities of the ILO.



## BEST PRACTICES

### SETTING OBJECTIVES

1. Objectives must be the result of participation of those responsible for their execution. They must not be imposed from outside;
2. They must be adequate to and compatible with the organization's mission or statement of purpose. They must be consistent, pertinent to goals;
3. They must imply a reasonable challenge; that is, they must have a certain breadth of scope;
4. They must be realistic and feasible; that is they must be doable;
5. They must be clearly stated in writing;
6. They must be up to date, adapted to reality. This means they must be periodically revised;
7. The number of objectives must be limited and reasonable. Too many objectives weaken those that are most important. The number must be kept small;
8. They must be hierarchical; that is they must be prioritized;
9. They must be concrete and measurable; vagueness must be avoided. Such generalities as "maximize", "minimize", "as soon as possible", "improve", "do our best" must be avoided;
10. Objectives must relate to one another. This means that short-term objectives (week, month) should relate to medium term objectives (trimester, semester) and these, in turn, should relate to long term objectives (year, five years, etc.)

With a list of strategic objectives in hand, the planning team can write the first draft of the strategic plan. The plan should start with the mission statement; list the strategic priorities and the objectives that will deliver them. The planning team will need Board review and approval before moving on.

### Organizing to deliver the plan

Any major changes proposed in the way the organization operates or the number of services offered will have organizational implications. New staff may be required, some existing staff may not be required in their old positions and the organization structure itself may need to change in order to focus on the priorities. These needs and changes will have been thought through in the preparatory work, but now an overall organizational strategy to deliver the plan has to be put together.

Organization design and change management are beyond the scope of this guide. It suffices to say that you should spend time considering how organizational transformation is to be achieved.

### Budgeting for the plan

There will probably be proposals to undertake some new initiatives and plans to stop some tasks that are currently undertaken.

During the evaluation work that led to the setting of objectives, finance staff will almost certainly have been involved and issues of cost and cost recovery will have been discussed thoroughly. Indeed it is likely that some of the objectives will relate to increasing membership or offering new services that at least cover their costs. The task of the financial controller or accountant is now to produce a budget that supports the strategy. This will serve

as a reality check on the plan itself and will probably identify resource gaps that will have to be filled by revising certain objectives or by changing some of the financial assumptions relating to costs or income.

Budgeting, financial analysis and reporting in employers' organizations is a complex subject that does not fall within the remit of this guide. It is however crucial that proper financial assessments of the plan are undertaken at this stage. After all, no Board or General Assembly will sign off a strategic plan that is not properly budgeted for.

## Writing and approving the plan

At this point the first draft of the final strategic plan can be drawn up. This document will eventually be agreed by the Board and probably the General Assembly, and will be presented to all the organization's members.

The draft should contain:


- An introduction by the President;
- An executive summary;
- Background material relating to the evolution of the organization and the changing external landscape;
- The mission statement;
- The strategic priorities;
- The strategic objectives and the financial and organizational implications of their implementation;
- How the plan will be put into action;
- How the plan will be reviewed.

The first draft should be reviewed by the Board, by senior staff in the employers' organization and by key members. This should not be a cursory consultation. Those providing their views must either buy into the plan or deliver its content. The planning team and the Board should be prepared to listen to genuine suggestions and incorporate them. As a result of this process the plan may go through three or more drafts before it is ready to be submitted to the membership for formal approval at the General Assembly.

The strategic plan will be an important working document and a key tool by which members will judge the organization's success. It will also be a marketing tool to attract new members.


***It is worthwhile investing the time to make a good job of the writing process and to consider professional ways of packaging it.***

## Developing workplans


KEY QUOTE

*Will Rogers*  
 US humorist & showman (1879 – 1935)

Workplans are the way strategic objectives turn into day to day tasks. If effective ways are not found to operationalize the plan, it will turn into a "strategic planning trophy" that rests on the bookshelves of Board members and senior managers. Here the task moves away from the planning team and becomes the responsibility of the operational management. It is here also that the consultative processes will begin to pay off. In the absence of buy-in, operationalization will be impossible, with managers and staff finding reasons why the plan cannot be implemented and senior managers and Board members not being prepared to take the firm stance that will be necessary to see the plan put into action.


KEY QUOTE

*Donald M Kimball*  
 Chairman of PepsiCo 1986



Having a strategy is one thing, executing it is another. The McKinsey 7-S Model (named after two McKinsey & Co consultants and the co-writers of the business best seller “In Search of Excellence”, Robert Waterman and Tom Peters) is a widely used framework for viewing the interrelationship of strategy formulation and implementation. It helps to focus managers’ attention on the importance of linking the chosen strategy to a variety of activities that can affect implementation.

Originally developed as a way of thinking more broadly about the problems of organizing effectively, the 7-S framework provides a tool for judging the “doability” of strategies. The framework suggests that it is not enough to think about

implementation as a matter only of strategy and structure, as was the traditional view.

The conventional wisdom used to be that if you first get the strategy right, the right organization follows. And when most people in Western cultures think about organization, they think structure. We find in practice, however, that these notions are too limiting. To think comprehensively about a new strategy and the problems with carrying it out, a manager must think of the organization as a unique culture and consider the ability of the organization to get anything really fundamental (i.e. not tactical) accomplished as a matter of changing the whole culture in a given direction.



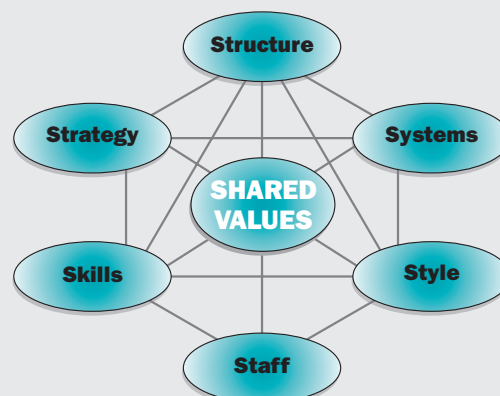
## PRACTICAL EXERCISE

The 7-S framework views culture as a function of seven variables (in no particular order):

- **S**trategy – Plans for the allocation of an organization’s scarce resources over time to reach identified goals;
- **S**tructure – The way the organization’s units relate to each other: Centralized, functional divisions (top down), decentralized (the trend in larger organizations), matrix, network, holding;
- **S**ystems – The procedures, processes and routines that characterize how important work is to be done: Financial systems, hiring, promotion and performance appraisal systems, information systems;
- **S**tyle – Cultural style of the organization and how key managers behave in achieving the organization’s goals;
- **S**taff – Numbers and types of personnel within the organization;
- **S**kills – The distinctive capabilities of personnel or the organization as a whole.
- **S**hared value – What the organization stands for and what it believes in. Central beliefs and attitudes.

The McKinsey 7-S Framework should be thought of as a set of seven compasses. When the needles are aligned, the company is “organized” (see illustration). When they are not, the company is not really organized even if its structure looks right. If a 7-S analysis suggests that strategy implementation will be extremely difficult, managers either can search for other strategic options, or go ahead but devote particular attention to the areas of non-alignment indicated in the framework.

**The McKinsey “7-S” framework**



## Who should develop workplans?

Where objectives fall within the remit of a single department, that department manager should be responsible for developing an operational workplan which ensures its delivery. Where objectives cross organizational boundaries then a project team needs to be established to develop the workplans. In this event it is crucial that one individual is made responsible for production of the workplan ...  
*“a responsibility shared is often a responsibility shirked”.*

The development of workplans designed to deliver the organization’s strategy is not a unique or isolated task. It must fall into the regular routine of objective setting and measurement for departments, teams and individuals. The extent to which workplans are built into departmental and individual objectives and measured through the organization’s performance management and appraisal processes will determine their success.

***Operationalization of the strategic plan IS the business management and review process, NOT something that sits alongside it.***



### TURNING STRATEGIC PRIORITIES INTO OBJECTIVES AND WORKPLANS CHECKLIST

- Has your Board agreed a list of strategic priorities?
- Do you have a realistic number of strategic priorities?
- Have you worked with the appropriate operational team(s) to turn these priorities into objectives?
- Is each of your objectives SMART?
- Have you written an outline strategic plan containing mission, priorities and objectives?
- Have you considered the organizational consequences of the plan and come up with proposed strategies to deal with them?
- Have you considered the budgetary consequences of the plan and revised it accordingly?
- Is your final plan approved by the Board and General Assembly?
- Have you put in place a process to develop organizational, departmental, team and individual workplans based on the objectives?
- Have you reviewed possible obstacles to delivery using the McKinsey 7-S technique or similar?



## Section Six

# Measuring and reviewing progress

A systematic review of progress is fundamental to the delivery of your strategic plan. The design and implementation of performance management systems is an enormous subject and falls outside the scope of this guide. It is, however, important to emphasize here that effective performance management processes are an integral part of strategy implementation.

### Review as a regular part of the business process

It is important to mainstream the business plan into the regular performance review systems that most organizations will already have in place. The purpose of strategic planning is not to add separate layers of review but to place the strategic plan at the core of existing processes. The regular business review will probably include weekly or monthly boss/subordinate meetings with individuals and an annual performance evaluation interview. By this method, everyone in the organization is required to report regularly on their progress in meeting the objectives agreed upon. In addition, many larger organizations find it useful to review performance against objectives on a team or department level. The realignment of priorities may be discussed in departmental meetings held either monthly or quarterly.

### Priorities change

When organizations adopt and implement plans over a three to five year period, the only certainty is that they will change. This is not an excuse for not undertaking a strategic review, but a way of ensuring that changes in circumstance and priorities are reviewed in a strategic context. The strategic plan is an evolving and working document – not a static blueprint for success. For example, low priority items become high priority items; governments change; the state of the national and global economy changes; opportunities arise to establish alliances, joint ventures or mergers.

The point for strategic planning is to have a benchmark against which these changing needs can be reviewed and revised. There are certain changes, like a change in government or a national or international financial crisis that will call for a wholesale revision of many elements of the strategic plan. The planning process is designed to make the organization more adaptable and agile in dealing with internal problems or external shocks. Without a plan the organization is like a leaf blown around by changing winds.

### Review of the strategic plan

It is normally wise to review the strategic plan itself in an annual meeting with the management team. This should be dedicated exclusively to the review of progress and will take between half a day and one day. It is not an agenda item to be added to a regular management meeting.

The annual review should cover:

- Departmental and organizational progress against each of the strategic objectives. It is useful to request the individual managers responsible to make formal presentations.
- A review of the content and priority rating of the strategic objectives. The strategic plan is not a static document and should be reviewed and revised to reflect changes in circumstances and new opportunities.
- The addition or deletion of strategic objectives.

A summary of this annual review should be presented to, and discussed by, the employers' organization Board. On the basis of this meeting, the annual report to members should include a section dealing with how the organization has performed against its strategic objectives.



## MEASURING AND REVIEWING PROGRESS CHECKLIST

- Does your organization have an effective performance management system that reviews at regular intervals individual, team, department and organization achievements against objectives?
- Does your strategic review process form a part of this regular management reporting and performance review system?
- Have you put in place a process to review your strategic plan on an annual basis?
- Does your Board formally discuss the report on your strategic plan review?

## Section Seven

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# Blueprint for developing a strategic plan and final checklist

The following blueprint for developing a strategic plan is based on the process followed in this guide. It sets out the content of the guide in summary reference format for use as a planning tool.

It should be restated at this point that there are many ways that strategic planning can be undertaken. This guide seeks to present an approach best suited to employers' organizations working with limited financial resources. This is not to say that other processes are not equally suitable, or that particular elements of the process cannot be exchanged for tools that perform a similar purpose or cannot be added to.

The most important issue to bear in mind is that the fundamental steps **MUST** be followed in one way or another and in the order presented. These are:

- Securing buy-in from executives and the Board;
- Establishing a process plan;
- Developing and agreeing a vision statement;
- Agreeing strategic priorities;
- Turning strategic priorities into objectives
- Turning strategic objectives into workplans;
- Measuring and reviewing progress.

## STRATEGIC PLANNING – A BLUEPRINT FOR SUCCESS

### STAGE ONE SECURING BUY-IN

#### “OBJECTIVE”

To ensure that senior executives and Board members are committed both to undertaking the strategic planning process and to implementing the outcomes.

#### ACTIONS

- Prepare an analysis of current and recent trends in membership and financing of the organization;
- Identify the current and future external challenges facing the organization;
- Predict where “doing more of the same” will lead the organization over the next three to five years.

#### REVIEW & AGREE

The commitments involved should be agreed with the employers’ organization senior executive team and/or the Board.

### STAGE TWO ESTABLISH A PROCESS PLAN

#### “OBJECTIVE”

To establish key milestones and responsibilities for the strategic planning process.

#### ACTIONS

- Decide who will develop the plan;
- Decide on the planning horizon;
- Outline the planning process methodology to be followed;
- Set deadlines for the key phases of the plan;
- Establish times when key institutions like the Board and General Assembly will need to be engaged or make decisions;
- Build into the Board timetable the issues which need their agreement;
- Decide if and how consultants will be involved;
- Set a budget.

#### REVIEW & AGREE

Planning process should be agreed by the senior executive team and/or the Board.

### STAGE THREE AGREE A MISSION STATEMENT

#### “OBJECTIVE”

To develop a mission statement that is approved by the Board and actively supported by the staff and members of the organization.

#### ACTIONS

- Planning team develop draft mission statement;
- Consult staff and sample members of the organization on the draft;
- Present revised draft to the senior executive team or the Board for discussion;
- Formally agree mission statement with Board;
- Communicate mission statement to key stakeholders including staff, members and those with whom the organization does business.

#### REVIEW & AGREE

The mission statement should be the source of consultation with members and staff. It should be approved by the Board.

## STRATEGIC PLANNING – A BLUEPRINT FOR SUCCESS (cont.)

### STAGE FOUR AGREE STRATEGIC PRIORITIES

#### “OBJECTIVE”

To review possible strategic alternatives for the organization, to choose from alternatives and to set strategic priorities.

#### ACTIONS

- Planning team conduct internal/external analysis using SWOT and member survey/focus groups;
- Develop list of possible strategy priorities;
- Undertake competitor analysis of alternatives;
- Present suggested priorities to executive management team or to the Board for discussion;
- Review draft priorities with key members and staff;
- Agree strategic priorities with the Board.

#### REVIEW & AGREE

Initial draft ideas should be discussed with the executive management or Board and with key members and employers' organization staff. The final priority list should be approved by the Board.

### STAGE FIVE TURN STRATEGIC PRIORITIES INTO OBJECTIVES

#### “OBJECTIVE”

To turn the agreed strategic priorities into a limited number of SMART objectives.

#### ACTIONS

- Planning team to develop SMART objectives from the agreed priorities;
- Planning team to produce an outline of the plan to include the mission statement, strategic priorities and strategic objectives;
- Board to review and approve outline plan;
- Review outline plan for organizational implications and decide how to approach the changes;
- Undertake a financial review of the plan and adjust to meet financial constraints;
- Produce final costed plan and agree with Board;
- Present plan to General Assembly for approval.

#### REVIEW & AGREE

Board to review and approve the outline plan and the final costed plan. Final plan to be approved by General Assembly.

### STAGE SIX TURN OBJECTIVES INTO WORKPLANS

#### “OBJECTIVE”

To turn the agreed strategic objectives into organization, departmental, team and individual workplans.

#### ACTIONS

- Strategic objectives to be handed to departmental managers and cross departmental teams to develop workplans;
- Workplans should be assimilated into the normal objective setting systems.

#### REVIEW & AGREE

The sum of the individual workplans should be reviewed and approved by the executive management team.



## STRATEGIC PLANNING – A BLUEPRINT FOR SUCCESS (cont.)

### STAGE SEVEN MEASURE & REVIEW PROGRESS

#### “OBJECTIVE”

To ensure that a process exists to measure performance against organizational, departmental, team and individual workplans. To establish a regular process by which the strategic plan itself can be reviewed periodically.

#### ACTIONS

- Workplans should be assimilated into the normal performance management and appraisal systems of the organization;
- The Board should review the strategic priorities and objectives on an annual basis.

#### REVIEW & AGREE

Executive management should ensure that a system exists for monitoring workplans. The Board should undertake an annual review of strategic priorities and objectives.

Worth including at this point is the list of “strategic planning and implementation do’s and don’ts” designed to help turn a strategic vision and objectives into day to day action, developed by Rebecca Stanton-Reinstein. The list reflects the most recent thinking on effective strategy formulation and suggests that emphasis be placed

on unique strategic processes with simple rules, on the modular patching of organizations to fleeting market opportunities and on evolutionary timing for ongoing strategic moves. The list is produced on a separate single page so that you can easily photocopy and use it as part of your strategy development process.

## STANTON-REINSTEIN'S DO'S AND DON'TS

DO'S	DON'TS
<p><b>Keep it Simple and Sustained (KISS). Less is more.</b> A successful plan is not measured by the kilo. Your goal is to create goals and objectives that focus your work for the next year or two. Limit the goals and objectives to one page so you can manage.</p>	<p><b>Don't go into greater detail than necessary or set too many Goals or Objectives.</b> Too many details, goals or objectives lead to confusion, conflicting goals, micromanagement and failure to execute.</p>
<p><b>Follow all the steps as described.</b> Use the planning methodology you choose as it was designed. You chose it because of its reputation. Learn from others' success.</p>	<p><b>Don't skip steps or do them partially.</b> If you bought an expensive briefcase, you would not immediately change the handle, put on a different carrying strap or have it dyed another colour. Avoid tinkering with the process, since you have no data to justify your changes.</p>
<p><b>Stay focused on the Mission.</b> The Mission, what the organization wants to do or be, is central for planning and day-to-day execution. Before you accept any goal, objective, strategy or tactic or take action ask, <i>"How will this help fulfil the Mission?"</i></p>	<p><b>Don't do things because "we've always done it," or "I think we should do it even though it doesn't fit our Mission."</b> Without the Mission driving your decisions, you will miss innovative solutions, drift off course or become reactionary.</p>
<p><b>Use the "brain dump" activity to alleviate the urge to begin the Tactical Plan prematurely.</b> You are an excellent tactician and, faced with a problem, you quickly suggest solutions. This is a liability in strategic planning where you and your team have to create high-level goals and specific objectives based on the Mission. List <i>every</i> idea the team has. Set these ideas, the "brain dump," aside until you are ready to create the tactical plan.</p>	<p><b>Don't begin laying out the Tasks before the Mission, Goals and Objectives are clearly stated.</b> The Mission sets the context for the Goals, which are the context for Objectives, specific, measurable results. Choose tactics to achieve these higher-level results.</p>
<p><b>Measure, Measure, Measure!</b> Select useful, significant measurements for all goals, objectives and tactics. What information do you need to make decisions? Revisit KISS: Keep It Simple and Significant.</p>	<p><b>Don't avoid measurement because it is sometimes difficult to do.</b> Measurement may be difficult, especially when dealing with customer satisfaction, employee morale or effectiveness. Define some way to measure these intangibles so you can gauge progress during execution.</p>
<p><b>Measure quality of results, wherever possible.</b> Quality measures how customers judge your products or services. This provides the best information for strategic decision-making and keeps you focused on the mission and customer.</p>	<p><b>Don't select productivity measures, just because they are easier to define.</b> Important as it is, productivity does not tell you if you are creating a product or service that the customer wants. You can always make junk faster. When you focus on quality, you are more productive, since you reduce costly rework.</p>
<p><b>Provide support, resources, training, guidance, direction and coaching to ensure everyone's success.</b> People cannot perform well unless they have everything they need to do the job. The plan is only as good as its execution, which depends on great management of people.</p>	<p><b>Don't dump people into situations without providing what they need to get the job done.</b> Delegation means understanding what the person needs to get the job done and providing it. You can only hold people accountable for what they can control.</p>

## The compilation checklist

This section of the guide concludes with a compilation of the checklists that already appeared at the end of sections two to six.

The compilation checklist is perhaps most useful as a tool to audit existing arrangements in order to identify areas where improvements can be made. You can do this in two ways. First, having read through the guide (if you didn't do this at the end of each section), you might now like to measure how your own organization shapes up with respect to strategic planning. If you marked up the checklist as you read through the guide, you might like now

to check how you fared overall. Second, you can use the compilation checklist as a questionnaire for senior managers in your organization to help them decide how robust your current approach to strategic planning is.

These are not the only uses for the checklist. It can act as a quality check for the planning team, executive management or Board of an employers' organization on strategic planning work under way or as an additional planning document for those responsible for putting a strategic plan into place.



### THE STRATEGIC PLANNING CHECKLIST – GETTING STARTED –

- Does your organization have a written mission statement?
- Is this mission statement turned into a strategic plan?
- Is your strategic plan turned into workplans?
- Is your mission statement published internally and externally?
- Is your strategic plan published internally and externally?
- Are your workplans published internally?
- Do you have the necessary commitment from your executive team and your Board to undertake a strategic planning review?
- Will your executive team and your Board be prepared to take the tough decisions necessary to see such a plan implemented?
- Who will develop your plan?
- Over what timescale will the plan be developed?
- What process will you use?
- What help are you likely to need?
- Will you have a budget?
- Who will sign the plans off?



## STATEMENTS OF VISION AND MISSION CHECKLIST

- Do you have a written mission statement?
- Have you reviewed it recently (within the last three years)?
- Did the development of your mission statement involve your Board, staff and members?
- Does your mission statement contain “Purpose”, “Business” and “Values”?
- Is your mission statement short, simple and powerful?
- Is your mission statement compelling, challenging and realistic?
- Is your mission statement meaningful, unambiguous and inspirational?
- Is your mission statement exciting?
- Do you regularly check work priorities and programmes against your mission statement?
- Is your mission statement prominently featured on your website?
- Do you use your mission statement regularly in external communications?



## AGREEING STRATEGIC PRIORITIES CHECKLIST

- Have you established a planning horizon for your strategy?
- Have you conducted an internal/external analysis using the SWOT technique or similar?
- Have you conducted a member survey or run member focus groups?
- Have you developed a list of strategic options?
- Have you developed a draft list of strategic priorities?
- Have you discussed this draft list with a selection of members?
- Have you discussed this draft list with a selection of staff?
- Has your draft list been reviewed and adopted by the Board of the organization?



## TURNING STRATEGIC PRIORITIES INTO OBJECTIVES AND WORKPLANS CHECKLIST

- Has your Board agreed a list of strategic priorities?
- Do you have a realistic number of strategic priorities?
- Have you worked with the appropriate operational team(s) to turn these priorities into objectives?
- Is each of your objectives SMART?
- Have you written an outline strategic plan containing mission, priorities and objectives?
- Have you considered the organizational consequences of the plan and come up with proposed strategies to deal with them?
- Have you considered the budgetary consequences of the plan and revised it accordingly?
- Is your final plan approved by the Board and General Assembly?
- Have you put in place a process to develop organizational, departmental, team and individual workplans based on the objectives?
- Have you reviewed possible obstacles to delivery using the McKinsey 7-S technique or similar?



## MEASURING AND REVIEWING PROGRESS CHECKLIST

- Does your organization have an effective performance management system that reviews at regular intervals individual, team, department and organization achievements against objectives?
- Does your strategic review process form a part of this regular management reporting and performance review system?
- Have you put in place a process to review your strategic plan on an annual basis?
- Does your Board formally discuss the report on your strategic plan review?

## Section Eight

### What the business gurus say

“*What the business gurus say*” is designed to be a “stand alone”, optional and multi-use section of the guide. It provides a short overview of the academic literature most likely to be of use to those formulating and implementing a strategic approach to management in employers’ organizations. It reproduces some strategy models used in the workbook and sets them in a more academic context. It can be used as a general background briefing document for those you wish to involve in the strategy development process or it might be useful in the context of your own member briefing or training services.

#### Strategic planning

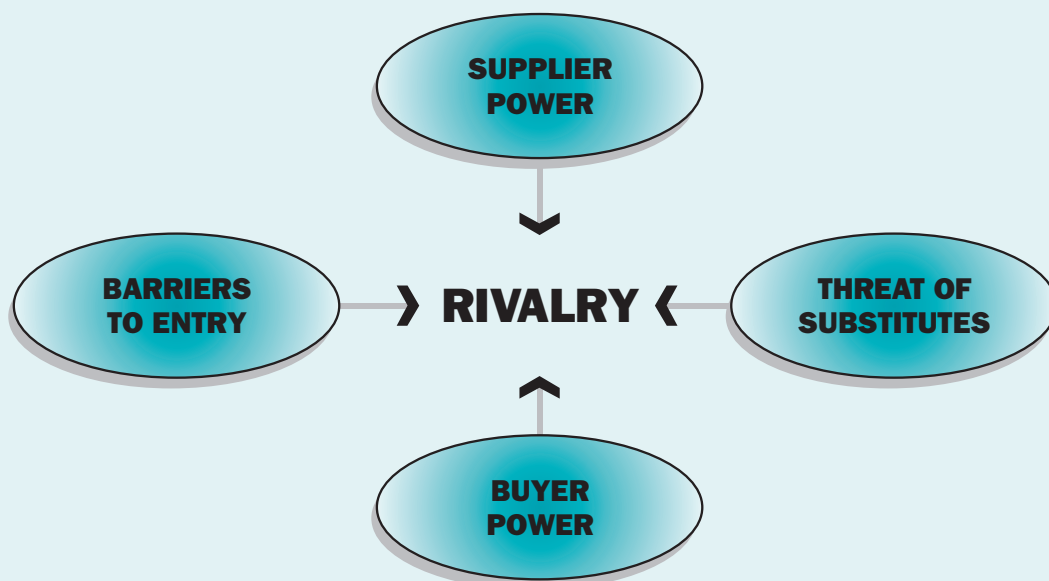
Since its inception following World War II, the evolution of the field of strategic management and planning in business has been impressive. From its “humble” beginnings as the limited content of a general management course in the business school curriculum, strategic management and planning is now firmly established in the study of business and organizations.

#### Porter’s “Five Forces”

Perhaps the best place to start the planning process is with the issue of competitor analysis. Leading the field in this area is the Harvard Business School professor **Michael Porter**. Porter is perhaps the world’s best-known business academic. In Accenture’s Institute for Strategic Change list of the Top 50 business gurus, Porter ranks “best in class”. Porter has published 16 books and more than 85 articles. His book *Competitive Strategy: Techniques for Analysing Industries and Competitors*, published in 1980, is in its 60th reprint and has been translated into 17 languages.

Porter’s best known work in the area of competitor analysis relates to his “Five Forces Model”. The model is grounded in microeconomics and based on the notion that a corporate strategy should meet the opportunities and threats in the organization’s external environment. The Five Forces Model takes into account supply and demand, complementary products and substitutes, the relationship between volume of production and cost of production, and market structures like monopoly, oligopoly or perfect competition. Porter suggests that the objective of corporate strategy should be to modify

#### Overview of Porter’s “Five Forces” model



these competitive forces in a way that improves the position of the organization. Porter's model enables business managers to undertake an analysis of the driving forces in their sector. Based on information derived from the Five Forces Analysis, managers can decide how to influence or exploit particular characteristics of their area of business interest.

The five forces can be described in the following way:

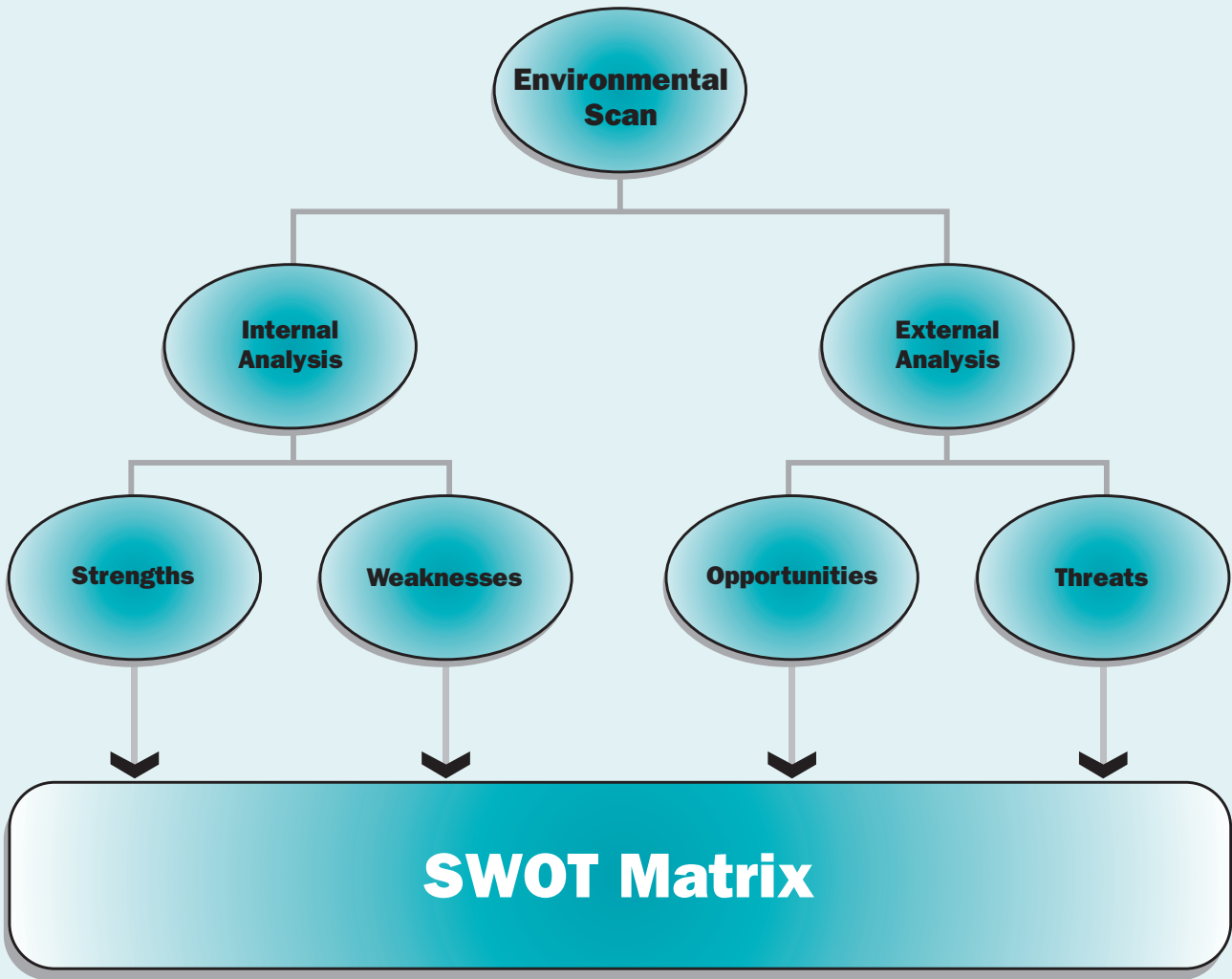
- **BARRIERS TO ENTRY** – The easier it is for new companies to enter the market, the more cut-throat competition there will be. Factors that can limit the threat of new entrants are known as barriers to entry. Some examples include:
  - Existing loyalty to major brands;
  - High fixed costs;
  - Scarcity of resources;
  - High costs of switching companies;
  - Government restrictions or legislation.
- **SUPPLIER POWER** – Relates to how much pressure suppliers can place on a business. If one supplier has a large enough impact to affect a company's margins and volumes, then that supplier holds substantial power. Suppliers might have such power when:
  - There are very few suppliers of a particular product;
  - There are no substitutes;
  - Switching to another (competitive) product is very costly;
  - The product is so important to the buyers that they can not do without it.
- **BUYER POWER** – Describes how much pressure customers can place on a business. If one customer has a large enough impact to affect a company's margins and volumes, then that customer holds substantial power. Customers might have such power when:
  - There are a small number of buyers;
  - Purchases are typically in large volumes;
  - Switching to another (competitive) product is simple;
  - The product is not extremely important to the buyer, they can do without it for a period of time.

- **THREAT OF SUBSTITUTES** – What is the likelihood that someone will switch to a competitive product or service? If the cost of switching is low, then this will be a serious threat. The threat of substitutes is affected by the similarity of substitutes. For example, if the price of tea rises substantially, a tea drinker may be likely to switch to a beverage like coffee because the products are similar. Where substitutes are similar, they can be viewed in the same light as new entrants.
- **RIVALRY** – Describes the intensity of competition between existing firms in a sector. Highly competitive sectors generally earn low returns because the cost of competition is high. A highly competitive market might result from:
  - Many players of about the same size i.e. there is no dominant firm;
  - Little differentiation between competitors' products and services;
  - A mature industry with very little growth. Companies can only grow by attracting customers away from competitors.

## SWOT and PEST

In the strategic planning process, Porter's 5 forces are often used in combination with an internal and external scan of the environment in which the business or organization operates. This is often undertaken by using two relatively old, but tried and tested, analytical tools, namely **SWOT** and **PEST** analysis.

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. SWOT is an abbreviation for **Strengths, Weaknesses, Opportunities and Threats**. The following diagram shows how a SWOT analysis fits into an environmental scan.



A key distinction is made in the SWOT analysis between **internal** and **external** factors: *Strengths and Weaknesses* are **internal** factors. For example, a strength could be your specialist marketing expertise. A weakness could be the lack of a new product. *Opportunities and Threats* are **external** factors. For example, an opportunity could be a developing distribution channel such as the internet, or changing consumer lifestyles that potentially increase demand for a company’s products. A threat could be a new competitor in an important existing market or a technological change that makes existing products potentially obsolete.

SWOT suggests that an organization should not necessarily always pursue the more lucrative opportunities. It may have a better chance of developing a competitive advantage by identifying a fit between the organization’s strengths and upcoming opportunities. In some cases, the organization can overcome a weakness in order to prepare itself to exploit a compelling opportunity.

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed. The **SWOT matrix** (also known as a TOWS Matrix) is shown below.

	Strengths	Weaknesses
Opportunities	S – O strategies	W – O strategies
Threats	S – T strategies	W – T strategies



- **S – O strategies** pursue opportunities that are a good fit to the company's strengths.
- **W – O strategies** overcome weaknesses to pursue opportunities.
- **S – T strategies** identify ways that the organization can use its strengths to reduce vulnerability to external threats.
- **W – T strategies** establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

It is worth pointing out that the SWOT analysis can be very subjective. Two people rarely come up with the same version of a SWOT analysis, even when they are given the same information about the same business and its environment. Accordingly, SWOT analyses are best used in group work and as guides rather than prescriptions. Adding and weighting criteria to each factor can increase the validity of the analysis.

Often used to complement the Five Forces and the SWOT analysis, the **PEST Analysis** is a framework used to scan the strategic external macro-environment in which an organization operates. PEST is an acronym for the following factors:

- **P**olitical factors
- **E**conomic factors
- **S**ocial factors, and
- **T**echnological factors.

PEST factors play an important role in the value creation opportunities of a strategy. However they are usually beyond the control of the organization and are therefore generally considered as either threats or opportunities.

As macro-economic factors differ by continent, country or even region, a PEST analysis needs to be performed at the correct level of aggregation. In a country with strong regional differences, it may be done at the regional level. The table below gives examples of typical PEST factors.

Political (including Legal)	Economic	Social	Technological
Environmental regulations and protection	Economic growth	Income distribution	Government research spending
Tax policies	Interest rates & monetary policies	Demographics	Industry focus on technological effort
International trade regulations and restrictions	Government spending	Labour/social mobility	New inventions and development
Contract enforcement law & consumer protection	Unemployment policy	Lifestyle changes	Rate of technology transfer
Employment laws	Taxation	Work/career and leisure attitudes	Life cycle and speed of technological obsolescence
Government organization/attitude	Exchange rates	Education	Energy use and costs
Political stability	Stage of the business cycle	Health consciousness & welfare, safety	(Changes in) internet

Completing a PEST analysis is a relatively simple process, and can be done via workshops using brainstorming techniques. It may be worth recalling that sometimes extended forms of PEST analysis are used, such as SLEPT (plus Legal) or the STEEPLE analysis: Social/demographic, Technological, Economic, Environmental (natural), Political, Legal and Ethical factors, etc.

## McKinsey 7-S Model

Having a strategy is one thing, executing it is another. The **McKinsey 7-S Model** (named after two McKinsey & Co consultants, **Robert Waterman** and **Tom Peters**) is a widely discussed framework for viewing the interrelationship of strategy formulation and implementation. It helps to focus managers' attention on the importance of linking the chosen strategy to a variety of activities that can affect implementation.

Originally developed as a way of thinking more broadly about the problems of organizing effectively, the 7-S framework provides a tool for judging the "doability" of strategies. The framework suggests that it is not enough to think about implementation as a matter only of strategy and structure, as was the traditional view.

The conventional wisdom used to be that if you first get the strategy right, the right organization follows. And when most people in Western cultures think about organization, they think structure. We find in practice, however, that these notions are too limiting. To think comprehensively about a new strategy and the problems with carrying it out, a manager must think of the organization as a unique culture and consider the ability of the organization to get anything really fundamental (i.e. not tactical) accomplished as a

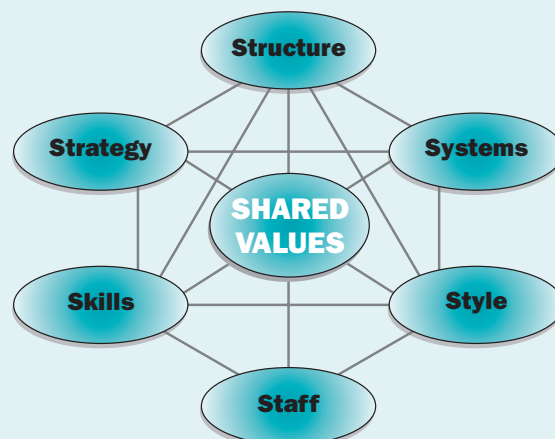
matter of changing the whole culture in a given direction.

The 7-S framework views culture as a function of seven variables (in no particular order):

- **Strategy** – Plans for the allocation of an organization's scarce resources over time to reach identified goals;
- **Structure** – The way the organization's units relate to each other: Centralized, functional divisions (top down), decentralized (the trend in larger organizations), matrix, network, holding;
- **Systems** – The procedures, processes and routines that characterize how important work is to be done: Financial systems, hiring, promotion and performance appraisal systems, information systems;
- **Style** – Cultural style of the organization and how key managers behave in achieving the organization's goals;
- **Staff** – Numbers and types of personnel within the organization;
- **Skills** – The distinctive capabilities of personnel or the organization as a whole.
- **Shared value** – What the organization stands for and what it believes in. Central beliefs and attitudes.

The McKinsey 7-S Framework should be thought of as a set of seven compasses. When the needles are aligned, the company is "organized" (see illustration). When they are not, the company is not really organized even if its structure looks right. If a 7-S analysis suggests that strategy implementation will be difficult, managers either can search for other strategic options, or go ahead but devote particular attention to the areas of non alignment indicated in the framework.

### Overview of the McKinsey 7-S model



## Mintzberg on strategy

To avoid implementation problems predicted by a 7-S analysis, it may be useful to consider the difference between planning and strategic thinking. According to **Henry Mintzberg** managers should approach the earlier stages of strategic planning as programming—articulating and elaborating strategies that already exist. Then, it is possible to return to what the strategy-making process should be: “capturing what the manager learns from all sources (both the soft insights from his or her personal experiences and the experiences of others throughout the organization and the hard data from market research and the like) and then synthesizing that learning into a vision of the direction that the business should pursue”.

## Stanton-Reinsteins “do’s and don’ts”

The latest thinking on effective strategy formulation suggests that emphasis be placed on unique strategic processes with simple rules, on the modular patching of businesses to fleeting market opportunities and on evolutionary timing for ongoing strategic moves. Some writers, such as **Rebecca Stanton-Reinstein** suggests that the process be broken down to simple tools such as a list of “Do’s and Don’ts” (see below) to help turn a strategic vision and objectives into day to day action.

This short section gives an insight into some of the more important strategic planning tools and concepts, concentrating on those most likely to be of interest to those working in employers’ organizations. It is not intended to be comprehensive and, by necessity, misses out on some of the big names and ideas in organizational strategy. If you want to know more about the ideas presented above or research other writers, the “need to know more” section below will act as a guide.

## STANTON-REINSTEIN'S DO'S AND DON'TS

DO'S	DON'TS
<p><b>Keep it Simple and Sustained (KISS). Less is more.</b> A successful plan is not measured by the kilo. Your goal is to create goals and objectives that focus your work for the next year or two. Limit the goals and objectives to one page so you can manage.</p>	<p><b>Don't go into greater detail than necessary or set too many Goals or Objectives.</b> Too many details, goals or objectives lead to confusion, conflicting goals, micromanagement and failure to execute.</p>
<p><b>Follow all of the steps as described.</b> Use the planning methodology you choose as it was designed. You chose it because of its reputation. Learn from others' success.</p>	<p><b>Don't skip steps or do them partially.</b> If you bought an expensive briefcase, you would not immediately change the handle, put on a different carrying strap or have it dyed another colour. Avoid tinkering with the process, since you have no data to justify your changes.</p>
<p><b>Stay focused on the Mission.</b> The Mission, what the organization wants to do or be, is central for planning and day-to-day execution. Before you accept any goal, objective, strategy or tactic or take action ask, <i>"How will this help fulfil the Mission?"</i></p>	<p><b>Don't do things because "we've always done it," or "I think we should do it even though it doesn't fit our Mission."</b> Without the Mission driving your decisions, you will miss innovative solutions, drift off course or become reactionary.</p>
<p><b>Use the "brain dump" activity to alleviate the urge to begin the Tactical Plan prematurely.</b> You are an excellent tactician and, faced with a problem, you quickly suggest solutions. This is a liability in strategic planning where you and your team have to create high-level goals and specific objectives based on the Mission. List <i>every</i> idea the team has. Set these ideas, the "brain dump," aside until you are ready to create the tactical plan.</p>	<p><b>Don't begin laying out the Tasks before the Mission, Goals and Objectives are clearly stated.</b> The Mission sets the context for the Goals, which are the context for Objectives, specific, measurable results. Choose tactics to achieve these higher-level results.</p>
<p><b>Measure, Measure, Measure!</b> Select useful, significant measurements for all goals, objectives and tactics. What information do you need to make decisions? Revisit KISS: Keep It Simple and Significant.</p>	<p><b>Don't avoid measurement because it is sometimes difficult to do.</b> Measurement may be difficult, especially when dealing with customer satisfaction, employee morale or effectiveness. Define some way to measure these intangibles so you can gauge progress during execution.</p>
<p><b>Measure quality of results, wherever possible.</b> Quality measures how customers judge your products or services. This provides the best information for strategic decision-making and keeps you focused on the mission and customer.</p>	<p><b>Don't select productivity measures, just because they are easier to define.</b> Important as it is, productivity does not tell you if you are creating a product or service that the customer wants. You can always make junk faster. When you focus on quality, you are more productive, since you reduce costly rework.</p>
<p><b>Provide support, resources, training, guidance, direction and coaching to ensure everyone's success.</b> People cannot perform well unless they have everything they need to do the job. The plan is only as good as its execution, which depends on great management of people.</p>	<p><b>Don't dump people into situations without providing what they need to get the job done.</b> Delegation means understanding what the person needs to get the job done and providing it. You can only hold people accountable for what they can control.</p>



## Section Nine

# Further reading and links on strategic planning and business associations

### Business books and articles on strategic planning

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## Strategic planning books and guides related to employers' (and similar) organizations

<b>Allison and Kaye</b>	<i>Strategic planning for non-profit organizations</i> (New York, John Wiley & Sons, 1997).
<b>Brennan</b>	<i>A guide to strategic planning in employers' organizations – a training module</i> (Geneva, ILO Bureau for Employers' Activities, 1997).
<b>De Silva</b>	<i>Employers' organizations in Asia in the 21<sup>st</sup> century</i> (Geneva, ILO Bureau for Employers' Activities, 1996).
<b>De Silva</b>	<i>Managing an employers' organization and its changing role</i> (Geneva, ILO Bureau for Employers' Activities, 1992).
<b>Gonzalez Marroquin</b>	<i>Guide to management of entrepreneurial organizations</i> (San Jose, Costa Rica, ILO Bureau for Employers' Activities, 1997).
<b>ILO</b>	<i>Report of the ILO international symposium on the future of employers' organizations</i> (Geneva, ILO Bureau for Employers' Activities, 1999).
<b>Parker</b>	<i>Designing and developing more effective organizations</i> (Geneva, ILO Bureau for Employers' Activities, 2001).
<b>Strohmeyer, Pilgrim, Lueticken, Meier, Waesch and Arias</b>	<i>Building the capacity of business membership organizations</i> (Washington, World Bank Small and Medium Enterprise Department) n. d.

## Useful organizations and websites

### The Bureau for Employers' Activities at the International Labour Organization (ACTEMP)

[www.ilo.org/actemp/](http://www.ilo.org/actemp/)

ACTEMP – The ILO Bureau for Employers' Activities maintains close contacts with employers' organizations in all the member states of the ILO. The Bureau operates from ILO headquarters in Geneva and through a network of employers' organization specialists in the ILO's technical teams around the world. Its tasks are to make the resources of the ILO available to employers' organizations, and to keep the ILO constantly aware of their views, concerns and priorities. It promotes international cooperation amongst employers' organizations, and runs a programme of activities around the world.

The Bureau is available, through national employers' organizations, as a gateway through which employers can gain access to some of the best information available on human resources development, industrial relations and a host of other employment and labour market-related subjects.

The Bureau also runs a programme of technical cooperation which provides development assistance to employers' organizations in developing countries and countries in transition to a market economy. This work is mostly done through projects financed by the overseas development assistance funds of donor countries.

The ACTEMP website contains links to the national employers' organization in every member country of the ILO.

### The International Organization of Employers (IOE)

[www.ioe-emp.org](http://www.ioe-emp.org)

Since its creation in 1920 the International Organization of Employers (IOE) has been recognized as the only organization at the international level that represents the interests of business in the labour and social policy fields. Today, it consists of 139 national employer organizations from 134 countries all over the world.

The mission of the IOE is to promote and defend the interests of employers in international fora, particularly in the International Labour Organization (ILO), and to this end it works to ensure that international labour and social policy promotes the viability of enterprises and creates an environment favourable to enterprise development and job creation. At the same time it acts as the Secretariat to the Employers' Group at the ILO International Labour Conference, the ILO Governing Body and all other ILO-related meetings.

In order to ensure that the voice of business is heard at the international and national level, the IOE is actively engaged in the creation and capacity building of representative organizations of employers, particularly in the developing world and in countries in transition to a market economy.

### The Center for International Private Enterprise (CIPE)

[www.cipe.org](http://www.cipe.org)

The Center for International Private Enterprise (CIPE) provides a wealth of materials on capacity development in business associations.





# The Effective Employers' Organization

**Guide One Governance**

**Guide Two Strategy**

**Guide Three Advocacy**

**Guide Four Revenue Building**

The **Effective Employers' Organization** package is designed to help executives, directors and managers in employers' organizations to build and run their organizations more strategically and more effectively.

It is aimed primarily at those setting up, building and managing national level employers' organizations in less developed countries and economies in transition.

It will however provide a wealth of advice for regional and sectoral organizations that exist to represent the interests of employers, and to national level employers' organizations in developed countries. This will be the case particularly where organizations are considering or undertaking a strategic review of the way they currently operate.



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