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Strategic Decisions Make Good Strategic Plans

McKinsey Quarterly recently re-published a 1973 article, "Can strategic planning pay off?" by Louis V. Gerstner, Jr. His key point is "...strategic decisions should be the ultimate output of a strategic-planning program. That is, the strategic plan should clearly set forth the critical issues currently facing a company or division in terms of alternative courses of current action."

An **Innovation Engineering** process called **Strategy Activation** can help you identify key decisions and create a Meaningful and Actionable strategic plan. Strategy Activation maximizes alignment between leadership's strategy and how employees invest available time, energy and resources. Leadership defines WHAT is needed and WHY it's important; so that those close to the work can define and discover innovative solutions for new products, markets and system improvements.

The Strategy Activation process can be completed in just a few hours. It begins by creating a clear picture of the current situation. The first step is to list the innovation projects currently in the organizations pipeline. Make a list of "Core Innovations" (Low Impact and Low Risk) and "LEAP Innovations" (potential for high impact and high risk). For each project, include the Value and Deliver Date.

The second step is to Confront Reality on existing sources of revenue. Draw a chart with four columns. In column 1 list your major revenue streams. These can be products (product families), services, markets, core technologies, or however you think about revenue. In column #2, define each revenue stream based on where it is on the lifecycle curve. There are two choices - Innovation (a meaningfully unique offering with increasing profitability) or Commodity (price and margins decreasing).

The first strategic planning decision is to label Column #3 - Are you going to a) REINVENT (and restart lifecycle) or b) MILK IT (maximize profits and let it die). Then in column #4 use your experience, judgment and intuition to set the date for when you will introduce the next generation or the date you anticipate death of the revenue stream.

Now step back and look at the list of innovation projects and chart of sources of revenue with reinvent and death dates. Is this enough to achieve your goals and dreams for your organization? Or do you need to identify Very Important Opportunities for new revenue - from adapting current capabilities for New Customers/Markets and/or leading Current Customers with new offerings?

Strategy Activation is a facilitated process that uses mind mapping, checklists and other stimulus to prompt thinking. VIO (Very Important Opportunities for current/new customers) and VIS (Very Important Systems for how we work) are captured on Blue Cards™. Blue Cards summarize strategic decisions. There are 4 decisions that have to be made right at the start: 1) Is the Blue Card™ for a Very Important Opportunity or a Very Important System, 2) Is it looking for LEAP Innovations or CORE Innovations, 3) Is it a long term Blue Card™ (years) or short term (months), and 4) Is the Blue Card™ for the Total Company or for a Specific Division or Department.

The front of the Blue Card™ is the narrative that tells the story of Why it is Very Important to focus energy on this VIO or VIS. On the back side of the card, there is a one sentence Strategic Mission (“We need ideas for . . .”) sections for Strategic Exclusions and Tactical Constraints, and finally up to 3 Exploration Areas (where to focus stimulus mining and any relevant active project work).

There should be no more than 5 to 7 Blue Cards for the organization. Yes, this means the leader must decide on what is VERY important!

Confront Reality - Make Decisions - Take Action!

Content for this article was taken from Innovation News Blog Post “60 Minute Strategic Plan” by Doug Hall and the Strategy Activation Session worksheets.