

**Review and Comments of the Phase 1C vocabulary and schema  
and  
recommendations for additional elements (Phase 2A)**

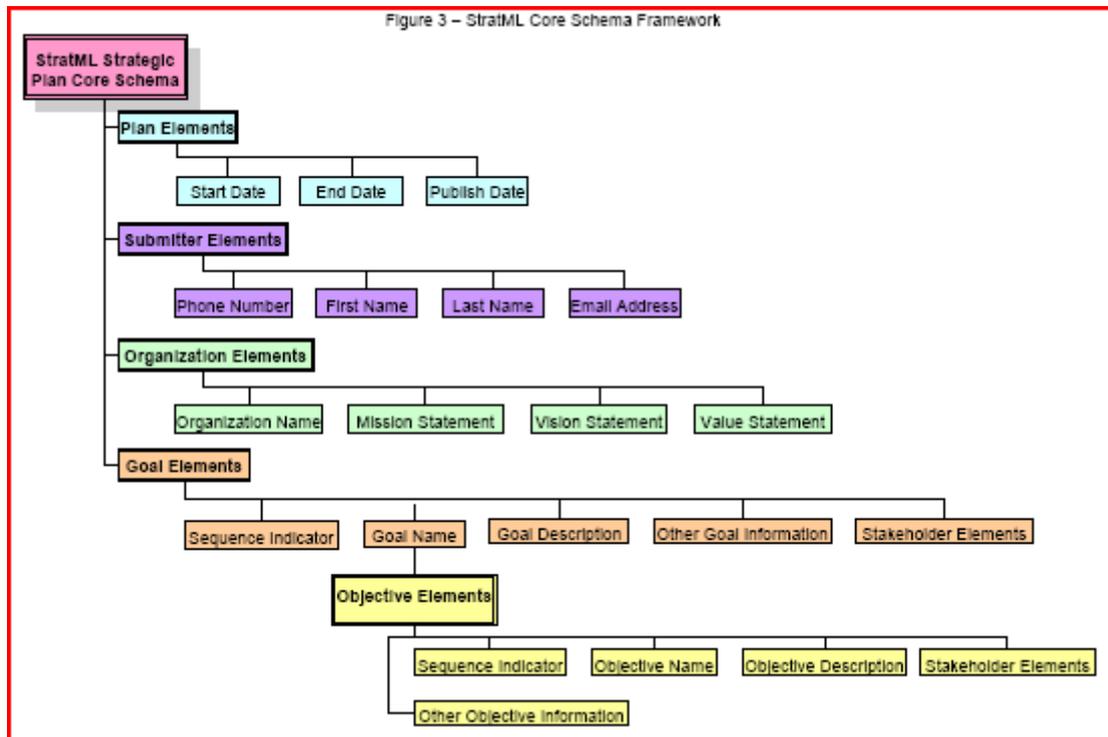
The purpose of this paper is to review at the existing elements (their names and definitions) and to identify elements that may be missing. Documents which have been considered so far are:

- Strategy Markup Language Summary and Results Whitepaper (September 6, 2007)
- Draft Meeting Minutes (January 10, 2008)
- Presentation Strategy Markup Language (StratML October 1, 2007)

### 1. Existing elements

Slide 11 (of the presentation) and appendix C of the core schema have been considered to analyze existing elements. I recommend to specify and to change some definitions.

a) Current structure and definition



b) Current structure and definition

<b>Element and its sequence*</b>	<b>Definition</b>
Vision	A concise and inspirational description of a state the organization will strive to approach over a relatively long span of years but which can ultimately never be fully achieved
Mission	A brief description of the basic purpose of the organization.
Goal	<p>A relatively broad statement of intended results to be achieved over more than one resource allocation and performance measurement cycle.</p> <p>General Goal - Goals define a purpose and direction and take all stakeholders and perceived present and future needs into account. Goals must be capable of being effectively pursued with measurable results over more than one budgetary execution cycle but within the reasonably foreseeable future.</p> <p>Goals should be objective, quantifiable, measureable, and defined at the level to be achieved by a program activity. Supports Mission</p>
Objectives	<p>A target level of results expressed in units against which achievement is to be measured within a single resource allocation and performance execution cycle.</p> <p>Objectives are measureable subsets of goals to be achieved within a given time period with available resources. Objectives provide the day-to-day support for achieving goals.</p>

\*The framework does indicate that vision comes before mission.

c) Recommended sequence and definition

Element and its sequence	Definition
Vision	<p><b>Desired future state, the aspiration of the organization. Vision describes what the company is to become in the (long-term) future. On this aspiration the top management of the organization [e.g. federal agency] can try to focus energies, effort etc of the members of the organization.</b></p> <p>Hints to fill in this element: The organization’s vision should reflect the outcome of the projections / forecast / expectations made of the environment. The vision has to cover three different areas:</p> <ol style="list-style-type: none"> <li>1. Management team has to define <i>target markets</i></li> <li>2. Management has to decide how the organization will achieve <i>competitive advantages</i></li> <li>3. Management has to be clear about which <i>core capabilities</i> the organization will require to achieve and protect / sustain these competitive advantages.</li> </ol> <p>Note 1: The vision should be challenging for the organization.</p> <p>Note 2: A vision <u>can be achieved</u>, too:  <i>Example for vision from corporate practice for an airline (derived from the annual report) “to ensure that THE AIRLINE is the customer’s first choice through the delivery of an unbeatable travel experience”</i></p> <p><i>Another example from WH Smith: “customer service is instinctive. It’s the right help at the right time, by people who know what they are saying and love what they are doing.”</i></p>
Mission	<p><b>Overriding purpose that is in line with the expectations or values of the stakeholders. The mission should reflect the essential purpose of the organization. The mission is concerned with the boundaries and the scope of the organization.</b></p> <p>To fill in this element a federal agency would have to answer to the question: What “business” are we in / what is the nature of our business?</p> <p>The mission should include 4 statements</p> <ol style="list-style-type: none"> <li>1. Purpose and objectives</li> <li>2. Values (maxims of an organization)</li> <li>3. Standards of behavior</li> </ol>

	<p>4. Strategies</p> <p>Note 1: This gives a good link to the stakeholder-element. Furthermore I would <u>not</u> argue that an organization cannot achieve its mission (see example). The fulfillment of a mission is possible, but very hard to measure due to its general character.</p> <p>Note 2: Some organizations in the private sector employ the term “aim” instead of mission.</p> <p><i>Example for vision from corporate practice for an airline (derived from the annual report): “to be the best and most successful company in the airline business”</i></p>
Goal	<p>The definition from the documents is fine.</p> <p>You may <b>add:</b> <b>General statement of purpose or aim that is in line with the mission. The goal may qualitative in its nature.</b></p>
Objective	<p>The definition from the documents is fine.</p> <p>You may <b>add:</b> <b>Quantification (if possible) or more precise statement of the goal. It is a more precise aim in line with the goal</b></p>

## 2. Recommendations for additional elements

To develop recommendations for additional elements it is helpful to start with some key aspects of strategic planning. Furthermore I will discuss some problems and barriers (in brief) that have been identified by different research studies in current approaches of strategic planning.

**a) Definitions and structures.** A large number of definitions and different delimitations for the term strategic planning can be found within business practice and scientific literature<sup>1</sup>. GRAY (1986) describes strategic planning as “the allocation of resources to programmed activities calculated to achieve a set of business goals in a dynamic, competitive environment”. Other sources argue that strategic planning is concerned primarily with long term planning of strategies for certain product-market-combinations. Therefore strategic planning is linked with plans that focus on the **creation and sustainment of success**

<sup>1</sup> Compare Strong (2005), page 4: STRONG argues that strategic planning uses a methodological step by step approach to determine what the organization is, its values, its vision and how the organization can get there.

**factors**; finally it will determine long term production plan<sup>2</sup>. **Strategic planning also focuses on the analysis of** existing strengths and weaknesses. Based on this information the attractiveness of specific sub market will be forecasted.

To give a little more structure it is helpful to subdivide the entire process in three layers of strategic planning:

- Strategic analysis: Analysis of the enterprise environment and the organization
- Strategy finding: Search for strategic alternatives
- Strategy assessment: Assessment of alternative strategies

This definition is similar to a definition by large consulting firm: “Strategic planning should be viewed as a process that includes **assessing the business environment** as well as developing and implementing a detailed business strategy”<sup>3</sup>.

Considering those definitions it can be argued that analysis results and planned (expected) success factors are essential components of the strategic planning process. → Hence these aspects indicate the need for some additional non-core elements.

**Objective of analysis.** The task of the strategic analysis is to provide a solid base for the development of the strategic plan. The two usual tasks are the external analysis and the internal analysis. The analysis of the external environment focuses on opportunities and threads in the industry as well as on success factors essential to address them.

The internal analysis has the objective to reflect internally and to evaluate organisational strengths and weaknesses.

→ In order to guarantee strategic accountability and governance that assists organizations in achieving their strategic results it might be helpful at least to see their analysis results that have been used to establish the strategy.

**b) Problems and barriers to strategic planning.** In the literature the implementation of strategy is determined as a difficult step. Various studies have confirmed such problems. PORTER (1996) argues that “the success of a strategy depends on doing many things well – not just a few – and integrating them”<sup>4</sup>.

In their explanations of the strategic problem solving process THOMMEN and ACHLEITNER (2006) argue that within the corporate analysis that secure information about the internal situation do exist and that the selection of relevant data would not cause major problems<sup>5</sup>. Opposite to this are the survey results from HUBER, who examined the implementation level of typical steps within the strategic planning<sup>6</sup>. HUBER (2006) found out, that the external analysis as an instrument is implemented from 80 – 100 %, whereas the internal analysis is implemented from 60 – 80 %<sup>7</sup>. Reasons for these different levels of implementation might be

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<sup>2</sup> Compare Wöhe (2000), page 135

<sup>3</sup> Deloitte (2005), page 4

<sup>4</sup> Porter (1996), page XYZ

<sup>5</sup> Compare Thommen, Achleitner (2006), page 918

<sup>6</sup> Note: In his empirical study within 100 companies HUBER researched the strategic planning of German enterprises in 2006.

<sup>7</sup> Compare Huber (2006), page 38

that in internal analysis focuses on weaknesses, too. Hence it can represent a political question not to analyse certain business areas within the organisation.

The selection of the right data represents another problem. MINTZBERG (2000) argues that hard data is important for intellectual analysis, but “it is largely soft data that generates wisdom”<sup>8</sup>. This is in line with AVILA et al (1995), who explains that “hard” and “soft” factors interact and that such “soft” data information are often not considered in strategic thinking<sup>9</sup>. DYE and SIBONY (2007) also highlight that many organizations run a data-driven planning process by the establishment of financial forecasts and budgets and would neglect the crucial interactive components of strategic conversations.

In summary of these findings from various researches / studies I have to highlight a “typical” planning problem. In most cases organizations **tend to discuss planning outcomes instead on discussing planning input parameters**. This problem area applies both to strategic planning and operational planning.

**c) Consequences.** In order to achieve the overall objectives of StratML (communication of strategic goals and objectives; defining cause-and effect relationships) it might be helpful to define planning input parameters as new non-core elements. Hence analysis results and other planning assumptions (which often considers so called soft-data) would inform the reader of all elements better, why a federal agency decided for a specific strategy.

In terms of analysis results it can be helpful to make a distinction between those factors that have been really identified and those, which are primarily based on assumptions.

<b>New non-core element</b>	<b>Name</b>	<b>Annotations</b>
Mandatory field	External analysis results	Additional information / brief description about the results of external analysis, which have been considered to develop the strategy (Complex phrase or entire sentences)
Mandatory field	Internal analysis results	Additional information / brief description about the results of internal analysis, which have been considered to develop the strategy (Complex phrase or entire sentences)
Voluntary field	Major planning assumptions	Additional information / overview / list about the planning assumptions (planning parameters in the sense of hypotheses that cannot be tested but that are essential to make a decision),

<sup>8</sup> Compare Mintzberg (2000), page 266

<sup>9</sup> Compare Avila et al (1995), page 41

		which have been considered to develop the strategy (Complex phrase or entire sentences)
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These new elements would improve the review process, since it will be easier to identify those planning input parameters that have been considered in practice by the planning organization. Furthermore those elements will support the achievement of StratML purposes (“Facilitate the sharing, referencing....reuse and analysis of strategic plans...”)

To support aspects like sharing and analysis of strategic plans (of a Federal agency) I also recommend establishing an additional element to describe employed “planning tools”. Taking into account employed planning tools it will be easier for third parties (e.g. other Federal agencies) to understand the strategic planning approach of a specific organization and to copy or to improve the processes.

Voluntary field	Planning tools	List of planning tools, methods, approaches and instrumenta that have been used within the strategig planning process (Name or complex phrase)
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Information about “planning tools” will open the door to a best practice or benchmarking approach.

In situations where organizations face similar planning tasks (e.g. since they are in the same business case or they face a similar environment) organizations are enabled to use a best practice approach in the sense of “copy with pride”. This will reduce their total costs of strategic planning, since followers can copy and adapt the approach of the original organization.

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