

## **ICFE STUDY GUIDE for FRANCHISE EXECUTIVES**

### **Chapter 4**

## **Strategic Thinking and Planning: The Key to Profit and Growth**

By

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#### **Summary:**

Unlike when thinking and planning about financial management, when thinking and planning strategically there are no generally accepted definitions or frameworks. There are as many definitions of strategic thinking and planning as there are gurus.

This chapter will discuss and relate some of the various terms and processes and provide a suggested outline for carrying out a strategic planning process.

#### **Organization:**

1. What Strategic Planning Is And How It Differs From Strategy, Operational Thinking and Planning, Results Thinking and Planning, And Long Term Planning
2. The Concept And Purpose Of Corporate Strategy
3. The Three Premises Of Planning
4. The Four Categories For Grouping The Themes Of Strategic Planning
5. The Five Best Practices In Managing The Execution Of Strategy
6. The 19 Steps In The Strategy Process

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## 1. What Strategic Planning Is

Planning of some kind is going on in business all the time. It may be just about today's activities (the order of product deliveries) or it may be about the future (should we expand to Canada). It may be formal or informal. This chapter will focus on strategic planning, a fairly formal procedure in which you get together with others to examine your organization's mission, your goals, your resources, and perhaps the strategy you will use to get to your goals.

Since discussions about the planning process can seem somewhat nebulous, it may help us to distinguish four planning terms.

### Four terms used in Planning that need clarification:

- ∞ **Strategic Thinking and Planning** occur when the fundamental ways a company does business need to be changed. These changes could deal with any combination of the following: products, pricing, processes, distribution, positioning, branding, merchandizing, territory definitions, brand extension, additional channels of distribution, manufacturing, co-branding, re-imaging, etc. The seven elements of Strategic Thinking and Planning are:
  1. Organization Mission
  2. Strategic Analysis
  3. Strategy
  4. Long-term Objectives
  5. Integrated Programs
  6. Financial Projections
  7. Executive Summary
  
- ∞ **Operational Thinking and Planning** deal with improving the existing processes, programs, procedures and systems to increase results. The six elements of Operational Thinking and Planning are:
  1. Operational Analysis
  2. Key Results Areas
  3. Indicators of Performance
  4. Short-term Objectives
  5. Action Plans
  6. Budgets
  
- ∞ **Results Management Thinking and Planning** occur when individual persons, departments, strategic business units, markets, regions, entities [multi-unit franchisees] or groups set, implement and monitor their progress toward the achievement of goals, objectives and action plans. This involves micro-

management on a 12 to 18 month cycle to ensure results are met or exceeded. The seven elements of Results Management are:

1. Control Systems
2. Management Reports
3. Organization Results
4. Department, Unit and Entity Results
5. Individual Corporate Employee And Franchisee Results
6. Corrective Action
7. Reward Systems

∞ **Long Term Planning** is a term misused and often incorrectly substituted for strategic planning. Both strategic and operational thinking and planning can have short and/or long term horizons. A company could make a strategic decision to stop franchising, for example, or to begin insisting that its systems be complied with by all franchisees and each would have immediate short-term consequences.

## 2. Understanding The Concept Of Corporate Strategy

The first step in our study is to understand strategy itself. Strategy in general is a process involving the management of seven functions [research, planning, organizing, delegating, directing, coordinating and controlling] and five resources [people, money, materials, time and space] toward the achievement of strategic and operational results. In other words, *you look at what you have, what you do, and what the results are or could be.*

### The Purpose of Corporate Strategy

*The purpose of corporate strategy is to win in an increasingly competitive environment.* In order to win in an increasingly competitive environment, a company must determine what its *sustainable competitive advantage* is and then ensure it is fully and completely embraced by every individual, strategic business unit and all franchisees. In addition to being embraced it must be embedded into every facet of the business model.

There is little doubt in the leading business thinkers' minds that the only sustainable competitive advantage a business has is the perceptions and feelings of its customers toward it. To understand this we must understand the reason, purpose and result of business.

We are aware that Peter Drucker, 55 years ago, wrote and then continued to write, until his death in November of 2005, that while the *reason for the existence of a business* is profit and growth, the *purpose of business* is to create and keep a customer, and the *result of every successful business* is VERY satisfied and loyal customers. We are also

aware, from the work over the past 25 years of the Harvard Business School, that we must evolve from a product and service centered business model to a customer-centric business model. Harvard has proven that to achieve profit and growth a business must have not just satisfied customers, but VERY satisfied and loyal customers. [Their research indicates that a VERY satisfied customer will do business with you again at a factor of 6 times over a satisfied customer.]

**The keys to VERY satisfied and loyal customers are:**

- [1] To have a business model designed to create VERY satisfied and loyal customers,
- [2] To have well trained, loyal and satisfied team members who love to create these experiences for customers and to execute the business model; and
- [3] To have well trained managers and franchisees that know how to select, orient, manage, lead and coach team members to be engaged in the pursuit of VERY satisfied and loyal customers.

These very satisfying customer experiences result in three things:

- [1] The customers are VERY satisfied and loyal,
- [2] They return frequently, and
- [3] They recommend your business to everyone.

Determining the sustainable competitive advantage [how we go about creating and keeping VERY satisfied and loyal customers] is the primary goal and function of the planning process. Once discovered, the sustainable competitive advantage puts a company in an advantageous position in creating more economic value for its customers vis-à-vis its competitors. The results of creating more economic value for its customers are:

- ∞ Greater profit and growth
- ∞ More new customers
- ∞ Higher retention rates of existing customers
- ∞ Increasing numbers of VERY satisfied customers
- ∞ More loyal customers
- ∞ Increased frequency of customer purchases
- ∞ Lower employee turnover
- ∞ Increased employee satisfaction, loyalty and engagement
- ∞ Higher average unit volumes
- ∞ Higher margins
- ∞ Greater market share
- ∞ Increased Brand equity of franchisees and franchisor
- ∞ Easier to find more qualified new franchisees

**Competitive advantage** is founded in the differences between a company and its competitors. These differences are often never found in the business model itself. These differences are found in the perceptions, emotions and feelings the Brand's customers have when experiencing the implementation of the business model by loyal, satisfied and engaged employees, managers, franchisees and team members.

**The business model** is defined as the systems, processes, programs, policies and procedures that make up the delivery systems for the Brand's products and services. These systems, processes, programs, policies and procedures include administration, marketing, operations, support, performance improvement and technology.

Therefore the business model is more about the mechanics of the business through which the business delivers its products and services and less about what differentiates it in the eyes of customers and gives it a sustainable competitive advantage.

*The business model is not a strategy.* The business model describes, as a system, how the various pieces of the business fit together to produce a profit. But the business model does not factor in a critical dimension of performance: competition. This is the job of strategic and operational thinking and planning. It results in adding to the mechanics of the business model the dynamics of the business model which include:

- ∞ A Customer-Driven Mission
- ∞ Core Beliefs and Values
- ∞ Vision
- ∞ Strategy Positioning Statement
- ∞ The Customer Experience Defined and Measured
- ∞ Selecting and Orienting Customer-Driven Team Members
- ∞ Leading, Managing and Coaching Customer-Driven Team Members
- ∞ Implementing Customer-Driven Experiences for Customers
- ∞ Getting Feedback and Monitoring the Perceptions of Customers and Team Members

*Strategic* thinking and planning, as noted above, differs from *operational* thinking and planning in the following ways:

- ∞ Strategic thinking and planning fundamentally changes the business model,
- ∞ While operational thinking and planning deal with how to do what we already do more efficiently and effectively.

It must be noted that once a strategic direction is determined, there are most certainly operational implications.

### **3. The Planning Process**

**The strategic and operational planning process** has three distinct premises:

**First premise:** Strategy makes certain assumptions about the availability and commitment of resources and their allocation and deployment [people, money, materials, time and space] to achieve anticipated planned results.

**Second Premise:** Strategy is described as a set of inter-related actions by individuals and entities that can be defined, made explicit, implemented, tracked and tested for validity.

**Third Premise:** Strategy requires unified thinking and alignment around drivers that will sustain performance over time. These drivers, as we will discover, can and will be both similar and/or different for the individuals and entities in the organization. For example, the drivers for the Board of Directors and Senior Management involve stock options, market share increases, shareholder value, personal advancement, image, etc. The drivers for the franchisees include improving their personal income, lifestyle, wealth and equity.

## 4. The Strategic Themes

In reviewing the work that Management 2000 has done with over 950 companies during the past 25 years, strategic themes can be grouped into four general categories:

- ∞ **Building the “franchise,”** i.e.
  1. Focusing on the creation of new business opportunities,
  2. Changing the profile of the company and franchisee location operators,
  3. Entering new international and domestic markets,
  4. Dominating existing markets,
  5. Changing and/or expanding the product offerings,
  6. Participating in co-branding, brand extension, brand association, etc.
  
- ∞ **Increasing customer value,** i.e.
  1. How to build retention, frequency, satisfaction, loyalty, word-of-mouth recommendations,
  2. How to create new customers with existing and new customer segments,
  3. How to adapt and/or change the current business model,
  4. Changing and/or expanding the current value proposition,
  5. Establishing a customer-centric culture and climate in philosophy, policy, procedures, programs, and selection and training, etc.
  
- ∞ **Achieving operational excellence,** i.e.
  1. Focusing on “productivity management” by ensuring there are well trained, aligned, engaged franchisees, managers and team members fully, completely and consistently executing the Brand’s Operating Systems,

2. By measuring operational performance of all groups,
  3. By periodically conducting surveys of customers and all levels of the organization and using the survey results to make decisions,
  4. By assessing and allocating human and physical assets toward desired results,
  5. By having meaningful positive and negative performance consequences that influences and rewards positive performance and severely and immediately discourages deviant performance, etc.
- ∞ **Practice good corporate citizenship**, i.e. ensuring that the company and the individual franchisees and company locations participate in programs that give back to their communities. It also involves ensuring that the company's vendors and other alliances and allegiances are environmentally compliant and philosophically aligned with local and global issues.

These strategic themes become the foundation for the strategic planning process. Strategy per se is a plan for action. To have an impact, the strategy must be carried out and managed. Some of the most successful have used the following techniques.

## **5. The Best Practices In Managing The Execution Of Strategy:**

1. Mobilize change through executive leadership.
  - a. Involve the key influencers from the franchise community, i.e. the high influencer, earlier adopters and the high influencer, high resisters.
  - b. Align everyone around a Mission, Core Values & Beliefs, Vision and Strategy Positioning Statement.
  - c. Identify new thinking and new behaviors needed to ensure success around 8 key areas:
    - i. Making The Customer The Center Of Everything We Do
    - ii. Superior Leadership
    - iii. Strong business and financial planning
    - iv. Excellent new franchisees
    - v. Effective Manuals
    - vi. Excellent Franchisee/Franchisor Relations
    - vii. A Focused Field Staff
    - viii. Effective Training Programs and Processes
2. Ensure that operations can successfully translate the strategy into action.
  - a. Beta test the changes with the key influencers from the franchise community, i.e. the high influencer, earlier adopters and the high influencer, high resisters to get their validation of the change.
  - b. Roll out the change in selective and timed phases with the low performers last on the implementation list.
  - c. Accountability must be assigned and changes must be measured in four key areas:

- i. Financial [5 measures on average]
    - ii. Customer [5 measures on average]
    - iii. Internal processes [8-10 measures on average]
    - iv. Learning and Growth of people [5 measures on average]
3. Align and engage the entire organization to perceive and understand that strategy implementation is part of their job.
  - a. Define the role of corporate [and where appropriate the Board of Directors].
  - b. Define the role of each department [Administration, Operations, Franchise Development, Training, Marketing, etc.].
  - c. Define the role of the franchisee organizations.
  - d. Define the role of the individual franchisees.
  - e. Define the role of vendors.
  - f. Define the role of consultants.
  - g. Define how the various entities must support one another.
  - h. Define how each entity's performance will be measured and tracked.
4. Ensure that individual's motivations are substantially tied to the successful implementation of the strategy.
  - a. The corporation has motivations such as Brand recognition increases, new markets developed, increasing market share in existing markets, increasing new customers, increasing shareholder value, increasing share value, ROI, EBIDA, etc.
  - b. Personal goals and incentives, within the corporation, are aligned with the new behaviors and performance metrics.
  - c. The motivations of the franchisees must be tied to results on their income, lifestyle, wealth and equity.
5. Establish follow-up to ensure that the strategy implementation is perceived as a continual process and not as a "one-time" event.
  - a. Link strategy, imperatives, initiatives, resource allocations and all plans to budgets.
  - b. Establish a comprehensive and simple reporting system.
  - c. Schedule regular review meetings
  - d. Link Human Resources and IT to the planning processes.
  - e. Rename the corporate headquarters "The Performance Improvement Center" so that constant improvement can become a cornerstone of the change culture. Once this occurs there can be such changes as: Performance Improvement Consultants, Performance Improvement Conventions, Performance Improvement Meetings, etc.

## **6. The Strategy Process**

Strategic and Operational Thinking and Planning are grounded in the strategy process. Over the past 35 years we have designed and implemented the process, to be explained here, in hundreds of companies. The use of this process has resulted in their being able to establish strategic and operational changes in thinking and execution that have made them more successful in:

- ∞ Profit and growth
- ∞ Focusing on creating and retaining VERY satisfied and loyal customers,
- ∞ Building their brand,
- ∞ Improved business and financial planning by the company and the franchisees,
- ∞ Acquiring better franchisees,
- ∞ Making the operating units more profitable,
- ∞ Improved operating systems,
- ∞ Improved Training and Development systems and processes,
- ∞ Making the field function more productive and profitable,
- ∞ Increasing franchisees' satisfaction and loyalty, and
- ∞ Increasing profitability of the parent company and individual franchisees

### **Why Process Is Important**

Process ensures that people are involved. The more involvement people have in the development of the Strategic and Operational Plan, the more commitment they have to it. The more commitment they have, the more conviction and passion they have for its achievement. The more conviction and passion they have for its achievement, the greater the chance they will implement the behavior changes necessary to achieve the results of the plan. The greater the chance of implementing the necessary behaviors required to achieve the plan's results, the greater will be the success of the plan.

### **The Strategic Planning Process**

What follows is the process we use, with some modifications, with our clients when facilitating a 3-4 day strategic and operational planning meeting. You will be able to use this process in conducting your own strategic planning meeting or in providing guidance to a facilitator you might engage for that purpose.

The pre-meeting planning involves the compilation of information gleaned from a questionnaire sent to both participants and non-participants at the meeting. The idea is to get information from as many people as possible whose opinions are respected but to keep the actual meeting to between 8-15 participants.

The information is compiled and is used as a stimulant to the 3-4 day meeting. The result of the meeting is the identification, commitment and engagement to the achievement of the Vision of the Company through the implementation of the strategic



and operational goals, objectives, projects and action plans developed during the meeting.

Below is an example of what a Strategic and Operational Planning Meeting pre-meeting questionnaire and Agenda look like.

In conclusion, the benefit and value of planning is it provides forethought rather than hindsight. We always hear the saying, "Hindsight is 20/20"; with Strategic Thinking and Planning, foresight has a greater chance of being 20/20 as well.

What follows next are a sample pre-meeting questionnaire and a meeting agenda that you can use, inserting your company name, logo, and personnel names where appropriate

### **Pre-Meeting Questionnaire**

Company Name

Date

To provide focus to the Meeting, please provide the following information to [insert company name], via email, by [insert date].

Email completed questionnaires to: [insert email address]  
(Email responses are important so that your data can be compiled.)

**Company Mission Statement**

**[Insert here]**

**How we get there –**

**Exceptional Customer Service**

**Dealer Profitability**

**Growth**

**Brand**

1. We believe that every person who is part of [Company Name] in any city must memorize and be committed to living its Mission Statement at all times. Please comment on your thoughts regarding the practicality of this goal.

**Your comments can be put here:**

2. [COMPANY NAME] Core Beliefs and Values should drive thinking and decision-making within [Company Name] and are necessary for the company's culture to function and for people to work well together as a team. Core Beliefs are the values used to make decisions and are imbedded in the culture.

Core Beliefs can be defined by asking the following questions:

- a. What values and principles do we hold as self evident around here?
- b. What kind of ethical behavior do we expect people to live out in their lives and if they do not do so they cannot be a part of the company.

## **Core Beliefs & Values [Examples below]**

We believe:

- ∞ The trust and confidence of our franchisees and (Company name) employees are absolutely essential for our success.
- ∞ We always take pride in everything we do.
- ∞ In always delivering on a promise.
- ∞ In supporting our communities generously.

**We want you to list what you consider to be the Core Beliefs of [COMPANY NAME].**

**Your perception of the [COMPANY NAME] Core Beliefs can be put here:**

3. The [COMPANY NAME] Positioning Statement, when read by a [COMPANY NAME] franchisee, an employee of [Company Name] or other companies we do business with should give them an understanding of how [COMPANY NAME] describes its approach to the market place.

**Please suggest what you think a [Company Name] Positioning Statement might be.**

**Your comments can be put here:**

4. What are the 3-5 primary factors that will influence the success of [Company Name] in the next 36 months?

**Your comments can be put here:**

5. What are the 3-5 primary factors that will influence the success of [Company Name] in months 36-120?

**Your comments can be put here:**

6. Describe the primary customer(s) of [COMPANY NAME].

**Your comments can be put here:**

Primary Customer[s]
1.
2.
3.
4.
5.

7. What a customer values are those elements of the [COMPANY NAME] experience they have while doing business with. The higher their perceived value of the [COMPANY NAME] experience the more frequently they use you. The more satisfied they are, the more they talk positively and recommend you to others. This results in retention of existing customers and new customers through recommendations from customers of [COMPANY NAME].

**Describe what you believe the [COMPANY NAME] customer(s) value the most in the [COMPANY NAME] experience.**

**Your comments can be put here:**

8. Suggest what [Company Name] office staff, franchisees and their staff might do to enhance the perceived value of the customer resulting in: more new customers, more recommends, more VERY satisfied customers, greater retention and greater loyalty to our [COMPANY NAME] Brand?

**Your comments can be put here:**

9. How large a network of locations can our Brand have by the year 2020 in your opinion?

**Your comments can be put here:**

### The SWOT Analysis

10. What are the major internal **Strengths** of the company? (Internal areas that give [Company Name] a competitive edge.)

**Your comments can be put here:**

11. What are the major internal **Weaknesses** of [Company Name]?

**Your comments can be put here:**

12. What are the major external **Opportunities** for the company? (External situations that must be exploited for [Company Name] to be successful.)

**Your comments can be put here:**

13. What are the major external **Threats** to the success of the company? (External situations or events, that if not addressed, will have an adverse impact on the success of [COMPANY NAME].)

**Your comments can be put here:**

14. As [COMPANY NAME] uses the franchising strategy to grow, it may encounter some issues to its culture and

operating systems. List below any that you think may affect the culture and systems.

Operational issues (things we need to change or begin that would make the company or the operating units more efficient and effective).

**Your comments on Operational Issues can be put here:**

Strategic issues (changes we need to make or directions we need to take that would alter the way we fundamentally do business or operate).

**Your comments on Strategic Issues can be put here:**

15. What are the major results or accomplishments you would like to see as a result of this meeting?

**Your comments can be put here:**

**Please include your name and title below. Please note that you will return this information directly to [insert name] and it will only be shared without reference to your name.**

**Thank-you. See you on [insert date]!**

Name:

**Your Logo  
Would be  
Inserted  
Here**

**Strategic & Operational Planning Meeting:  
Example**

[Insert Dates of the Meeting]

**Meeting Participants**

List participants:

Senior Management

Investors

Franchisees

Other Company Team Members

Board of Directors

**Meeting Facilitator**

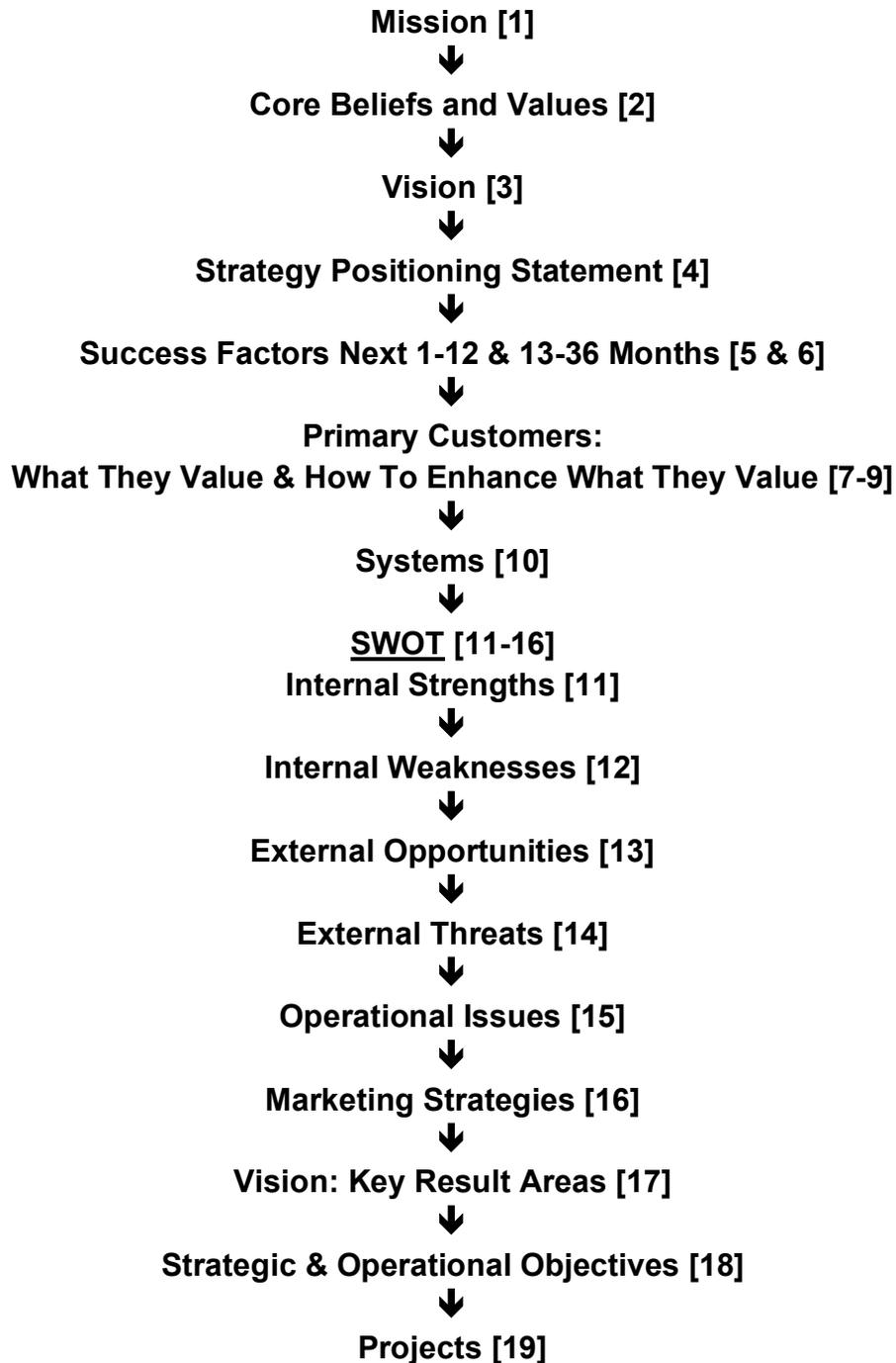
Name

Company

## Goals for the Strategic and Operational Planning Meeting

(The Goals for the Meeting {usually 4-8 in number} would be determined from the pre-meeting questionnaire responses.)

[The numbers in the brackets refer to the questions that follow as examples.]



### **Mission**

3. We believe that every person who is part of [INSERT YOUR COMPANY NAME HERE] in any city must memorize and be committed to living its Mission Statement at all times. *Mission Statement = what the company stands for.*

**Example:** To make sure every customer is very satisfied, returns frequently and recommends us to others.

### **Core Beliefs and Values**

4. [INSERT YOUR COMPANY NAME HERE] Core Beliefs and Values should drive thinking and decision-making within [INSERT YOUR COMPANY NAME HERE] and are necessary for the company's culture to function and for people to work well together as a team. Core Beliefs are the values used to make decisions and are imbedded in the culture.

Core Beliefs can be defined by asking the following questions:

What values and principles do we hold as self evident around here?

What kind of ethical behavior do we expect people to live out in their lives and if they do not do so they cannot be a part of the company.

#### **These are examples of Core Beliefs and Values:**

- Be passionate about everything you do
- Create experience driven environments
- Contribute everyday to upgrading the industry
- Be completely dedicated to working everyday at making the VISION become a reality
- Do everything you do in thought, word and deed with the highest degree of quality possible
- Continuously educate yourself and others
- Operate with integrity at all times and in all circumstances
- Consistently develop your creative skills and apply them to making yourself and the Brand more successful
- Contribute to the profitability of the organization
- Be knowledgeable, appreciative and respectful of our legacy
- Be open and willing to accept and participate in innovation

### **Vision**

3. The [INSERT YOUR COMPANY NAME HERE] Vision [*Vision = what the company wants to accomplish by a certain point in time*] is:

**Example** of a Vision Statement: Have 800 restaurants open, in 40 markets, by 2030.

### **Strategy Positioning Statement**

4. A Strategy Positioning Statement when read by a [INSERT YOUR COMPANY NAME HERE] franchisee, an employee of [INSERT YOUR COMPANY NAME HERE], other companies we do business with, the general public or customers should give them an understanding of how [INSERT YOUR COMPANY NAME HERE] describes its approach to the market place.

*[Strategy Positioning Statement = how a company describes itself to the market in terms of: [1] the Target Audience, [2] the Frame of Reference, i.e. Who We Are, and [3] the Benefit].*

#### **Examples:**

[Target Audience] To Consumers Who Spend Their Discretionary Income On Specialty Baked Goods, Confections And Beverages.

[Frame Of Reference-who We Are] [Name of Company] Is A Unique, Multi-Sensory Experience of Aroma, Visual Appeal and/or Taste and People and Offers “The Worlds Best” Proprietary Products

[Benefit] With An Unconditional Product And Service Guarantee To Ensure 100% Guest Satisfaction and that Guests Return.

### **Success Factors**

5. What are the 3-5 primary factors that will influence the success of [INSERT YOUR COMPANY NAME HERE]’s vision and strategy in the next 36 months?

#### **Examples:**

- Sustaining and strengthening the company culture, which is centered on high quality food and hospitality.
- Attract and retain exceptional talent.
- Provide a strong learning environment [Continuous Education].
- Unit Economics.
- Real Estate.
- Partnerships with Franchisees.

### **Success Factors**

6. What are the 3-5 primary factors that will influence the success of [INSERT YOUR COMPANY NAME HERE]'s vision and strategy in months 37-60?

#### **Example:**

- ∞ Culture.
- ∞ Cost efficient support of company and non-company owned units.
- ∞ Competition.
- ∞ Real Estate.
- ∞ Partnerships with Franchisees.

### **Primary Customers**

7. Describe the primary customers and secondary customers of [INSERT YOUR COMPANY NAME HERE].

#### **Examples:**

Lunch: Professionals, housewives, male, female.

Dinner: Families with children, couples, seniors, singles of all ages.

Carry-out Lunch: Busy professionals.

Carry-out Dinner: Families, singles.

Catering-Lunch: Office employees in groups, business meetings.

Catering-Dinner: Families/social occasions.

### **What the Primary Customers Value**

10. What a customer values are those elements of the [INSERT YOUR COMPANY NAME HERE] experience they have while doing business with us. The higher their perceived value of the [INSERT YOUR COMPANY NAME HERE] experience the more satisfied they are. The more satisfied they are, the more they talk positively and recommend us to others. This result is the stable growth & profitability of our businesses.

**Describe what you believe the [INSERT YOUR COMPANY NAME HERE] primary customers and secondary customers *value* the most in the [INSERT YOUR COMPANY NAME HERE] experience.**

11. Suggest what [INSERT YOUR COMPANY NAME HERE] might do to enhance the perceived value of the customer resulting in: more new customers, more recommends, more VERY satisfied primary & secondary customers, greater retention and greater loyalty to our [INSERT YOUR COMPANY NAME HERE] Brand?

12. What systems must be reworked if we are to achieve our Vision?  
[For instance the systems to:
- ∞ Recruit new franchisees
  - ∞ Modify the new franchisee training program
  - ∞ Improve the process for opening a new location to determine if we can shorten the time from signing the license agreement to opening the location.
  - ∞ Update the Operating Manual.
  - ∞ Improve the system used to interact with franchises and field consultants.

### **The SWOT Analysis**

13. What are the major internal **S**trengths of the company? [Internal areas that give [INSERT YOUR COMPANY NAME HERE] a competitive edge.]
14. What are the major internal **W**eaknesses of [INSERT YOUR COMPANY NAME HERE]?
15. What are the major external **O**pportunities for the company?  
(External situations that must be exploited for [INSERT YOUR COMPANY NAME HERE] to be successful.)
16. What are the major external **T**hreats to the success of the company?  
(External situations or events, that if not addressed, will have an adverse impact on the success of [INSERT YOUR COMPANY NAME HERE].)
17. As [INSERT YOUR COMPANY NAME HERE] uses the franchising strategy to grow, it may encounter some issues to its culture and operating systems. What do you think are the strengths and weaknesses of the franchising strategy?
- Please list the Weaknesses of the franchising strategy:**
18. What marketing strategies need to be kept and which areas of marketing need to be given new strategies to be effective at achieving our Vision?

## 19. Key Result Areas

The vision for this example is to have 800 restaurants open, in 40 markets, by 2030.

For this example to achieve the vision we have identified the four Key Result Areas as:

Building the franchise

Increasing Customer Value

Achieving Operational Excellence

Practicing Good Corporate Citizenship

## 18. What follows below are examples of Objectives that might be written to achieve the Key Result Area.

### **Key Result Area # 1: Building the franchise [Strategic & Operational Objectives]**

- ∞ 30% of our growth will come from existing franchisees, which means we must implement a business planning process for all franchisees by the end of the 2<sup>nd</sup> quarter of 2007 focused on identifying how growing their existing and new franchises will help them achieve their income, lifestyle, wealth and equity goals.
- ∞ 50% of our growth will come from new franchisees, which means a redesign of the ways we generate, qualify and grant franchises to be completed by the end of the 2<sup>nd</sup> quarter of 2007.
- ∞ 20% of our growth will come from new company locations, which mean we must identify our primary opportunities for growth by the end of the 2<sup>nd</sup> quarter of 2007.

### **Key Result Area # 2: Increasing Customer Value [Strategic & Operational Objectives]**

- ∞ Implement a “Customer Experience” that results in 85% VERY satisfied customers beginning with the 1<sup>st</sup> quarter of 2007.

- ∞ Attract new customers from existing and new “Claritas’ PRIZM Clusters” that will double average unit volumes between 01/01/2007 – 12/31/2012.

**Key Result Area # 3: Achieving Operational Excellence  
[Strategic & Operational Objectives]**

Redesign the operations systems, to focus on the customer research, and have the new system in Beta Test by the 2<sup>nd</sup> quarter of 2007.

**Key Result Area # 4: Practice Good Corporate Citizenship  
[Strategic & Operational Objectives]**

80% of company and franchised locations will participate in our national charity and will have a minimum of two local community involvement programs in place by 12/31/2007.

19. **Projects:** This form would be used to list the Projects that needed to be completed for each objective. There would be one sheet for each objective under each Key Result Area.

**Key Result Area # 1: Building the franchise: Strategic & Operational Objective**

30% of our growth will come from existing franchisees which means we must implement a business planning process for all franchisees by the end of the 2<sup>nd</sup> quarter of 2007 focused on identifying how growing their existing and new franchises will help them achieve their income, lifestyle, wealth and equity goals.

Project Title	Who's Accountable	Who's Involved	Start Date & End Date	Dollar Cost	Estimated Time	Other Resources

# Sample Plan to Plan

## Strategic Planning Process Plan to Plan

Objective: To complete the update of our strategic plan by May 15, 20 \_\_\_\_

<b>Action Steps</b>	<b>Timetable</b>
1. Preplanning meeting	January 15
2. Two day planning meeting Overview of process Organization mission review Critical issues identification Situation analysis assignments	February 1-2
3. Undertake analysis assignments	February 3-28
4. Two day planning meeting Review of analysis assignments Strategy evaluation Long term objectives	March 1-2
5. Two day planning meeting Finalization of strategy Statement Integrated programs	April 1-2
6. Document strategic plan	April 15-30
7. One day planning meeting: Presentation, review & approval of strategic plan (including Financial projections & executive summary.	May 15

## Time Required for Strategic Planning

Elements of Strategic Plan	Team Meeting Time (Days)	
	Minimum	Maximum
Introduction to process	1/2	1
Organization mission	1/2	1
Strategic analysis	2	3
Strategy formulation	1/2	1
Long-term objectives	1/2	1
Integrated programs	1	2
Financial projections Executive summary Review of plan	1	1
<b>Total Days</b>	<b>6</b>	<b>10</b>

## Elements Addressed During Eight Team Meetings

Elements of Strategic Plan	Team Meetings							
	1	2	3	4	5	6	7	8
Introduction to Process	X							
Organization Mission	X	X						
Strategic Analysis		X	X	X				
Strategy Formulation				X	X			
Long-term Objectives					X	X		
Integrated Programs						X	X	
Financial Projections							X	X
Executive Summary								X
Review of Plan								X

Note: X indicates element(s) covered at each meeting.

**Review Questions**

- 1. Strategic Thinking and Planning occur when the fundamental ways a company does business need to be changed. (P. 3)**
- 2. The purpose of Corporate Strategy is to *win in an increasingly competitive environment*. (P. 4)**
- 3. The difference between satisfied and very satisfied customers is negligible. (P. 5)**
- 4. The business model is a strategy, not business mechanics. (P. 6)**
- 5. According to leading thinkers, the only sustainable competitive advantage that any business can establish is in customer perceptions and feelings. (P. 4)**
- 6. Peter Drucker wrote that the reason for the existence of a business is profit and growth, and the result of every successful business is VERY satisfied customers. (P. 4)**
- 7. “Strategic Thinking and Planning” do not fundamentally change the business model. (P. 6)**
- 8. The basic premises of strategic and operational planning include assumptions about the availability and commitment of resources. (P. 7)**
- 9. Mobilizing change involves initially contacting staff rather than executive involvement. (P.8)**
- 10. Two categories of strategic themes are Building the franchise and Increasing Customer Value. (P. 7)**
- 11. Strategic and Operational Thinking and Planning are grounded in the strategy process. (P. 10)**
- 12. Process is important to the success of the plan because it can ensure that people are involved, and involvement can lead to commitment. (P. 10)**
- 13. The actual planning meeting should involve 50 to 75 participants. (P. 10)**
- 14. A SWOT analysis can be part of a Strategic Planning meeting. (P. 15)**

**Answers: (1) T; (2) T; (3) F; (4) F; (5) T; (6) T; (7) F; (8)T; (9) F; (10) T; (11) T; (12) T; (13) F; (14) T.**

**Reference Books or Suggested Reading**

1. *Emotional Branding* by Marc Gobe, ISBN # 1-58115-078-4
2. *The Experience Economy* by Joseph Pine and James Gilmore, ISBN # 0-87584-819-2
3. *Building Great Customer Experiences* by Colin Shaw and John Ivens, ISBN # 0-333-99013-7
4. *Managing Brand Equity* by David Aaker, ISBN # 0-02-900101-3
5. *Brand Leadership* by David Aaker, ISBN # 0-684-83924-5
6. *Building Strong Brands* by David Aaker, ISBN # 0-02-900151-X
7. *The Service Profit Chain*, by James Heskett, Earl Sasser and Leonard Schlesinger, ISBN # 0-684-83256-9
8. *The HR Scorecard*, by Brian Becker, Mark Huselid and Dave Ulrich, ISBN # 1-57851-136-4
9. *The Balanced Scorecard; Translating Strategy into Action*, By Robert Kaplan and David Norton, ISBN # 0-87584-651-3
10. *Balanced ScoreCard; Step by Step*, by Paul Niven, ISBN # 0-471-07872-7



**Bob Gappa** founded Management 2000 in 1981. Bob and Management 2000 have worked with over 950 franchise companies.

Management 2000 conducts seminars that cover topics of interest to franchise companies in the United States and Canada. These programs are approved by both the International Franchise Association [are recognized for credits in the CFE program] and the Canadian Franchise Association.

Management 2000's areas of expertise include helping franchise systems: plan for their growth, develop their leadership skills, write operations and training manuals, train their field consultants to be more effective with helping franchisees grow their businesses, establish a culture that focuses on the customers' experience, developing effective ways to generate, qualify and grant franchises to the most qualified individuals, developing effective franchiser-franchisee relationships and helping franchisees develop growth business plans for their operations.

Over the years, Bob Gappa has written and had published many articles on franchising. Bob has been involved as a franchisee with several different concepts and brings a wealth of knowledge from that perspective in addition. Bob's many years of experience in the franchise community will be shared with you and you will gain valuable insights about your individual businesses.

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