

# Linking Strategy To Operations

A strategic plan provides a guideline for the effective allocation of resources that help improve the probability of achieving specific objectives. Through discussions with many organizations we have found that although they develop a strategic plan, many have difficulty with implementation. What can organizations do to improve their ability to effectively implement their plan? There are five approaches to connecting your strategy with operations and in turn improving the probability of successful implementation.

## 1. Sequence Approach

This refers to the sequence of events between the development of your strategic plan and budget. We use the term budget to mean the detailed level of planning used for specific resource allocation and control. Organizations have different terms for this and may use, for example, business plan, operations plan or marketing plan. For purposes of this article we'll use the term budget.

If the budget is done before the strategic plan there is generally a tighter connection between the budget and strategy. Without other methods being incorporated, the connection between your strategy and budget is generally less if the strategy is developed before the budget.

## 2. Project Approach

This refers to the development of a project plan immediately upon completion of the strategic plan. The project approach requires that time be set aside to develop a detailed plan which outlines, the projects, who are responsible, resources to be used and timelines for completion. Using this approach requires inclusion of individuals who have the knowledge to ensure the necessary level of detail is incorporated into the project plan.

## 3. Organizational Approach

This refers to the connection between the various areas within the organization that are responsible for strategy development and budgets. If the same individual or organizational unit is responsible for and involved in both aspects of the planning process then there is a very tight connection. However, if there are different individuals or areas with different reporting responsibilities and compensation systems, the connection is extremely loose.

## 4. Information Approach

This refers to the type and amount of information that is found in the both strategic plan and budget. The more often the same information is found in the strategic plan and budget, the greater the connection.

## 5. Communication Approach

This refers to the degree of communication that exists through both formal and informal systems between those who are directly involved in the strategy development and budget process. The greater the level of communication between those involved in the strategy development and budget processes, the greater the connection between the strategy and budget.

## **Conclusion**

The successful implementation of your strategy will generally require using more than one of these approaches. Which approaches are best, is a function of your organization and the process used to develop your strategic plan. It is also important to realize that each approach has both benefits and weaknesses. For example, using the sequence approach and doing the budget before the strategic plan, makes the connection tighter but also has a tendency to limit out-of-the-box thinking.

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