The Board of every corporation must provide oversight and guidance as it is responsible for the performance and direction of the corporation. While strategic planning is taught in many MBA schools and discussed in business literature, there is no one way of doing it nor a single agreed to description of what the Strategic Plan looks like. Some such plans span 100 pages, written in brilliant Victorian prose; others may be a simple PPT deck of a dozen slides. Some are visionary and some have action plans replete with performance measures.

Every board director should have a clear and crisp understanding of what success looks like, as well as the risks and challenges the corporation faces going forward.

As part of board governance, every director, operating at a 40,000-foot level, should know

a. What are the strengths of the corporation, what does it do exceptionally well? This will be the leverage going forward.
b. What are the weaknesses of the corporation? These should be eliminated.
c. Understand and plot out the opportunities, based on an environmental scan, including market conditions. This forms the basis for a future direction.
d. What are the threats – the major risks – that could cripple the corporation? These need to be known and at minimum deflected.

In simple terms, a strategic plan should define and describe the business x years hence, where it is now and how it is going to get to that end state. Risks and opportunities need to be identified as part of that analysis.

There is a common understanding that strategic planning is done by executive management in partnership with the Board. After all, executive management should know the business better, and its environment and context, than any individual Board member. However, the Board must be able to set the strategic direction as seen fit– the course and speed in broad terms. That may mean, for example, any combination of

- Stay the course with possible incremental improvements in process, delivery, customer experience, etc.
- Wholesale business transformation
- Repivot of the business or parts of the business
- Merger, acquisition, divestiture

Some strategic plans look like long term corporate plans, replete with financial projections cast over a 5-year time horizon. Such plans are typically developed from the bottom up, starting from where the business is rather than where it should be. Such plans tend to be less visionary.

The direction of the company, the strategic planning process, from a Directors perspective, can be done in 4 stages throughout the term of that plan

a. Preparation: Getting all participants – Board Directors and Management, on side, agreeing to the process before starting it. The methodology should be presented at a kickoff meeting to engage the board at outset.
b. Formulation: Developing the Plan, knowing the environment and the challenges ahead, including possible options for consideration and getting approval.

c. Execution: Developing the action plan, knowing the long-term strategic goals as well as panoptic risks.
d. Monitoring: Ensuring adherence and follow through, including course corrections, as necessary. The Board needs to know the critical measurements, to monitor the Plan, year to year. The Board should also ensure that all ongoing decisions are aligned with the stargic direction.

The best tool for that process is having the Board complete a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) once a year. Ideally that should be done at Board orientation so that all new and old board members have a common understanding. SWOT analysis is a risk-based approach to governance.

Options can be considered in the strategic planning process. Options, developed and discussed, lead to better decision making as comparisons get made, as do trade-offs.

Appendix A - What a Strategic Plan looks like

1. In summary terms, a Strat Plan (Strategic Plan) should
   1.1. Identify the business purpose and the current state of affairs
   1.2. What the corporation will look like – 3-5 years hence. This is the end state.
   1.3. How to bridge the gap – between now and then
   1.4. What investments – finance, capital plant, information technology, human resources - need to be made and where
   1.5. What is at risk
2. Its main purpose is to set objectives and constraints (boundaries) for the longer term, to in effect guide annual corporate planning and subsequent performance. It should not be a long-term corporate plan.
3. The Strat Plan must demonstrate an understanding of the future business for
   3.1. Stakeholders
   3.2. Shareholders/members
   3.3. Clients
4. It is long on vision and short on details. It sets the course and the pace but does not provide GPS co-ordinates.
5. It is done by generals and not line staff, recognizing that generals must know what line staff think. Line staff think about incremental improvements to what they know and do not necessarily have a long-term view.
6. Clarity – pf purpose, direction, and pace – is of paramount importance. There should be no ambiguity, no vagueness. If options are discussed, the recommended one should be stated.
7. It should demonstrate an understanding of the environment (context), as well as clients and stakeholders. In an IT world, where innovation is prominent, there should be demonstration that evolving technologies (as appropriate) were considered.
8. Panoptic risks can be identified.
9. It is a commitment but not a promise.
   9.1. What will be done and not what could be done
   9.2. It is to be a Plan and not an exploration of possibilities, requiring further study.
10. It should be done relatively quickly, in 3-6 months, assuming the file is known. The technology world operates in a half-life of less than 5 years; most corporations rely on technology.
11. The strategic planning process invariably includes
    11.1. A SWOT analysis. Both Board and management must know the opportunities to chase from strengths identified, as well as threats to eliminate and weaknesses to overcome.
    11.2. An understanding of critical success factors (CSF) that underpin getting to the future
    11.3. An understanding of core competencies.
    11.4. A competitive analysis.

Appendix B – Doing a SWOT Analysis

An analysis of strengths, weaknesses, opportunities and threats is a traditional way of completing a situational analysis that can then be used to plot further strategic direction. Occasionally it is called a WOTS-Up analysis (weaknesses, opportunities, threats, and strengths)

- Strength is defined as a collective organizational competency, asset, capability, etc., for which an organization has developed a high level of proficiency. It is a resource or capacity that can be used to achieve an organization's objectives.
- Weaknesses is collective organizational competence, asset, capability, etc. which is competitively inferior and consequently provides a vulnerability for competitors to exploit. It may be a limitation, fault, or defect in the organization.
- Opportunity is a trend or event that could lead to a positive change in position if addressed by a strategic response. It is a trend or change of some kind, or an overlooked need that increases demand for product or service and permits the organization to enhance its position by supplying it.
- Threat is a trend or event that could lead to a negative change in position if not addressed by a strategic response. It is an unfavorable situation in an organization's environment that is potentially damaging to its strategy.

When developing a strategic direction, this analysis shows where to

- Leverage strengths
- Eliminate weaknesses
- Exploit opportunity
- Deflect threats

The traditional response is to take advantage of the organization's opportunities by exploiting/employing its strengths, ward of threats by avoiding them, and correcting or compensating for weaknesses.

Figure B1 – Selecting a Course of Action

External Environment		Strengths	Weaknesses
	Threats	***Confront***	***Avoid***
	Opportunities	***Exploit***	***Search***
		Internal Environment	