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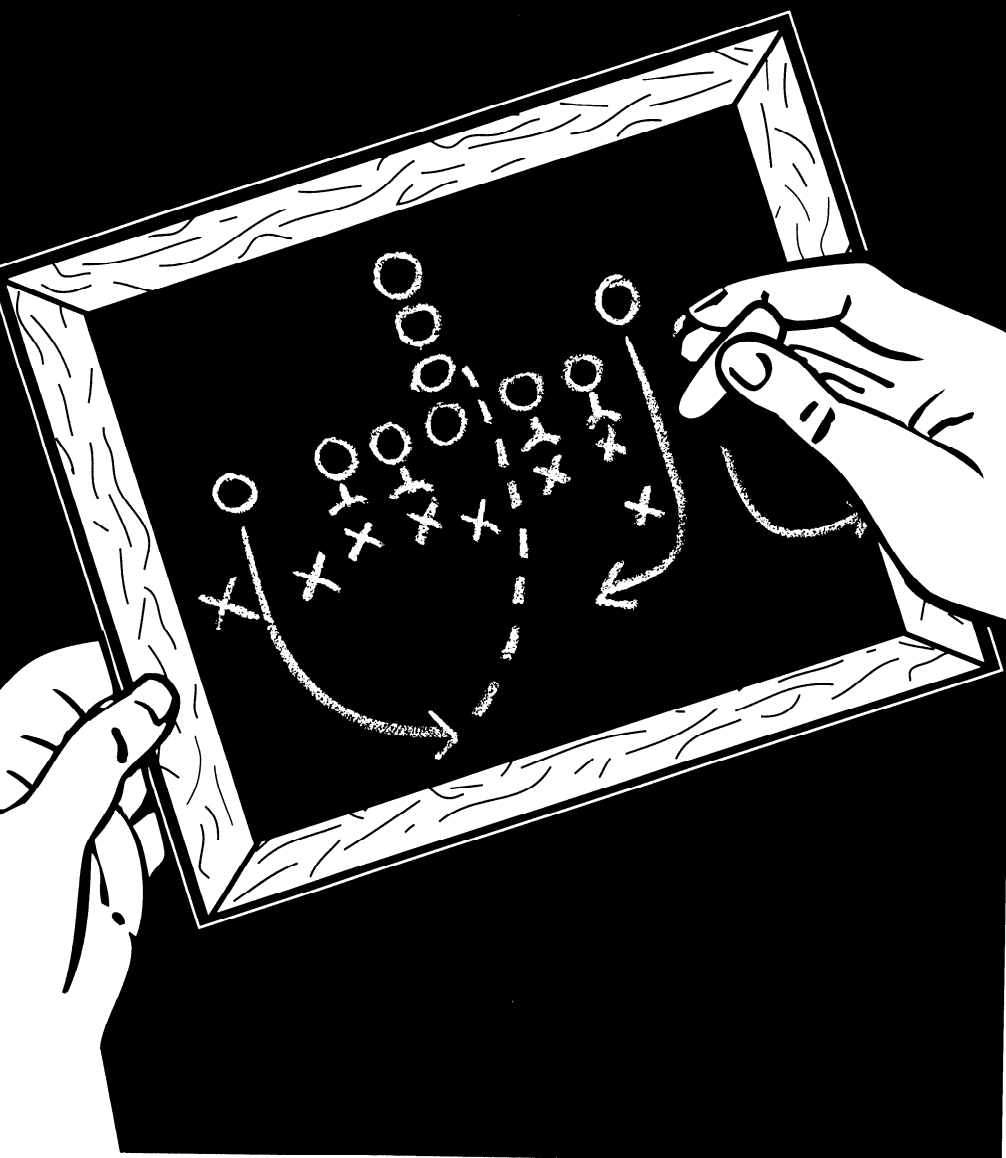


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Report 48

Strategic Planning Handbook for Cooperatives



Abstract

Strategic Planning Handbook for Cooperatives

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USDA/RBS

This handbook presents a method for facilitating the strategic planning process. Facilities, personnel, and equipment associated with the process are described. A description of "brainstorming" is given along with rules for conducting such sessions. The five phases of strategic planning are described in detail-agreeing to plan, gathering facts, evaluating facts, defining the plan, and evaluating results. Hints for success are provided throughout.

Keywords: strategic, planning, cooperatives, handbook.

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Preface

“If you don’t know where you are going, any road will get you there.” -Wizard of Oz.

This handbook is an introduction to strategic planning for the board of directors and managers of small- to **medium-**sized agricultural cooperatives about to begin the strategic planning process. It is intended as a background reference guide to be read prior to beginning the strategic planning process.

Cooperative directors maintain a long-term perspective of where the cooperative is headed. They are concerned with how the cooperative can better serve members’ needs and what general changes may be necessary in organizational and operating policies.

The manager is action and tactic oriented in running the day-to-day operations in response to the goals and objectives set by the board. A well prepared strategic plan is the best management tool a board of directors can give its manager.

Strategic planning is a skill. The longer participants use it, the more proficient they become in developing their skills.

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USDA/RDA-Cooperative Services

THE STRATEGIC PLANNING PROCESS

A line from The Wizard of Oz movie said, “If you don’t know where you are going, any road will get you there.” While this might work for some, successful business operations are planned.

A strategy is the use of assets through long-run planning and development to ensure success. Strategic planning is a **step-by-step** determination of where you are, where you want to go, how you wish to get there, when you want to arrive, who will do the work, and how much you are willing to pay.

Cooperative directors have the responsibility to originate and maintain a long-term perspective of where the cooperative is headed. They are concerned with how the cooperative can better serve members’ needs and what general changes may be necessary in organizational and operational policies.

The manager is action and tactic oriented in running the **day-to-day** operations in response to the goals and objectives set by the board. A well-thought-out strategy plan is the best management tool that a board of directors can give its manager.

Strategic planning is long-term planning. It differs from short term or annual budgeting. Annual budgeting with cash-flow projections is usually sufficient for 1 year. However, this kind of short-term planning, on a year-to-year basis only, is akin to committing business suicide when factors in the business world change.

While long-term strategic planning doesn't guarantee success, it improves the odds of success. The strategic planning process is a formal and systematic endeavor to determine where the cooperative is and where it is going in the future. The planning horizon is usually 3 to 10 years. Some groups plan 25 years into the future. In some cases it is appropriate to plan around a farm commodity cycle, such as the hog and cattle cycles, when they are related to the cooperative's business.

Strategic planning is goal oriented and focuses on specific measurable actions. It is based on available and factual information and assumptions regarding the future. It clarifies relationships, promotes understanding of established objectives, and assigns specific responsibilities, tasks, and time schedules. It includes orderly reviews of progress.

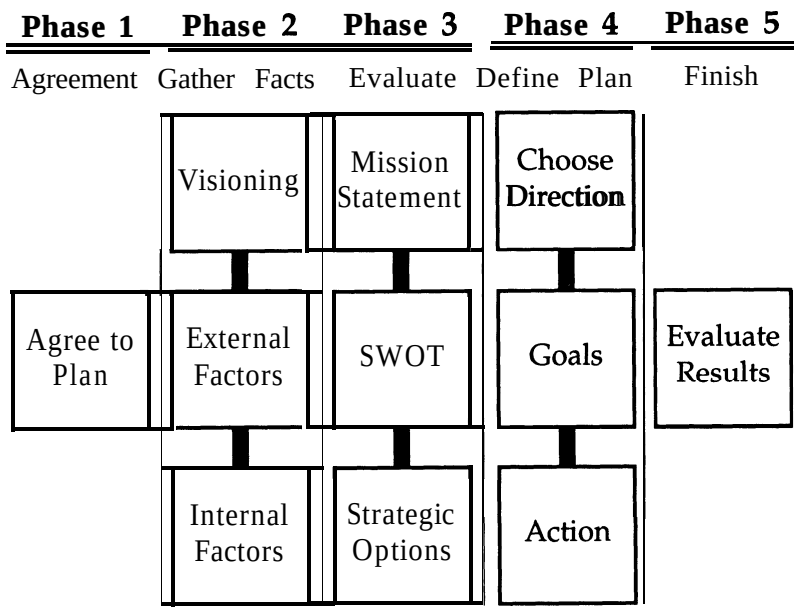
Strategic planning uses the cooperative's strengths to put it in the best possible position while change is occurring. It also devises steps to minimize the cooperative's weaknesses, or even better, devises steps that turn its weaknesses into strengths.

Strategic planning helps obtain the confidence of lenders and investors. It evaluates alternative actions. In short, strategic planning makes a cooperative proactive, instead of reactive.

Figure 1 shows the phases of strategic planning. When put into regular, annual practice, strategic planning includes five different, but highly inter-related phases. Because each phase takes time to complete, they follow one another at different times, rather than being performed all at once in a single day

The basic idea of strategic planning is to gather and present information on trends and forces affecting the cooperative. The planning group helps decide what are the cooperative's values and beliefs are and how it will conduct business. With

Figure 1 — Strategic Planning Phases



these belief statements in mind, an overall mission or purpose is developed. Goals are established. Measurable objectives are then developed for measuring progress. Activities are assigned to people and financial and time resources allocated. Terms of performance are set for evaluating progress. The plan is implemented and its effects are evaluated.

Strategic planning takes time and commitment. It is not unusual to spend three or four days in the first three phases, gathering facts, producing a mission statement, and identifying strengths, weaknesses, opportunities, and threats (SWOT) to the cooperative. This is especially true if the planning group is entering the strategic planning process for the first time.

(Subsequent planning sessions in later years tend to be shorter, but more productive as planning group members develop their skills and the cooperative begins to meet its goals.)

Often, several alternatives will emerge from this first session that need to be investigated more fully before the planning group can decide which direction to take. Considerable time may be needed to do feasibility studies, cost-benefit comparisons, or other financial, economic, or personnel evaluations. At a second meeting, the results of these studies are evaluated and planning continues. Several days may be needed to determine goals that will favorably position the cooperative, set the objectives for meeting those goals, and then make the decisions about the activities that will take place.

Hints for Success:

- Don't suggest or feel that "outsiders" know your business better than yourself.
- Strategic planning is a process that takes time. Start simple and build on a few ideas at first. Develop successes at the beginning of the planning cycle that are measurable. Realize that it may take 5 or more years of strategic planning before a vision becomes a reality.
- Don't try to revise or customize some other business' strategic plan.

Facilities, Personnel and Equipment

Use an informal meeting site away from the cooperative for the strategic planning sessions. Seminar or executive meeting rooms at local hotels make excellent accommodations. Blocks of 4 or 8 hours should be scheduled when all directors, managers, and appropriate assistant managers and accountants can be present. Seating should be arranged in a semi-circle facing the facilitator. Participants should sit in a different seat each day. This contributes to positive group dynamics.

Facilitator

The facilitator must know the strategic planning process. The facilitator's role is to lead the group and help make the group discussion easier. The facilitator should be perceived as impartial and neutral. The facilitator assists in planning the agenda, setting up equipment, and maintaining the climate of the meeting. The facilitator establishes the ground rules for the meeting, maintains the group focus, encourages participation, and works to create group synergy. The facilitator leads the process, suggests ways to proceed, finds and defines points of agreement and disagreement, and restates comments through active listening, but does not evaluate ideas as good or bad.

Recorder

The recorder works as a team with the facilitator. The recorder's job is to capture basic ideas on large sheets of paper. The recorder should sit in front and to one side of the room. The recorder remains quiet except to ask the facilitator for clarification or to ask the person speaking if the written points are accurate. The recorder lists points of discussion on the large sheets and posts them on the wall for everyone to see.

Hints for the recorder:

- Number the pages ahead of time.
- Listen for key words.
- Write in large, 1 1/2-inch letters.
- Abbreviate words or phrases.
- Vary the choice of colors.
- Use bullets, dots, arrows or stars.
- Leave margins for making notes at a later time.
- Cut tape beforehand for use in posting the note sheets.
- Don't be afraid to misspell.

Planning Committee

Participants are determined by facilitator and chief executive officer, board president, or cooperative manager. The size of the group can be up to 15 members, but no more than 30. Too large a group can hold up the process and make the planning sessions too long. Eight to 15 participants are optimal.

If the cooperative is small, invite the membership, and even the employees, to participate in the fact gathering phase. This is useful in allowing everyone to have a say.

Hardware Needed:

A large flipchart or pad of newsprint.

Easel for holding the flipchart or pad.

Several different colored marker pens.

Drafting tape.

Name tags or cards.

Brainstorming

Brainstorming is a problem-solving technique. It is not a part of strategic planning, but is a “tool” used throughout the planning process. It is an important group technique to learn. At different points in the planning sessions, the facilitator will engage the group in a brainstorming session. Fundamentals and rules for its use are presented here.

Brainstorming stimulates creativity and brings out ideas that might otherwise be overlooked. It is a way to generate as many ideas as possible, without judgement. These can be related to problems, causes, or solutions. Here are a few rules that apply to brainstorming.

1. Speaker may not be interrupted. No criticism or comments are allowed, either positive or negative. This includes body language, laughing, sighing, etc.
2. Turn the imagination loose. All ideas are acceptable, no matter how strange they may seem. Combine, improve, and relate to previous ideas.
3. Record all ideas in full view. Write ideas exactly as stated, without paraphrasing.
4. Twenty or more ideas should be generated in a 10- to 15-minute period.
5. Participants may “pass.” If several participants pass, open discussion to the entire group.
6. Evaluate later, not during the brainstorming session. Review for clarity, then combine, rewrite, add, or eliminate as decided by the group. Condense to a handful of ideas chosen to be most useful.

Hints for success in brain-storming:

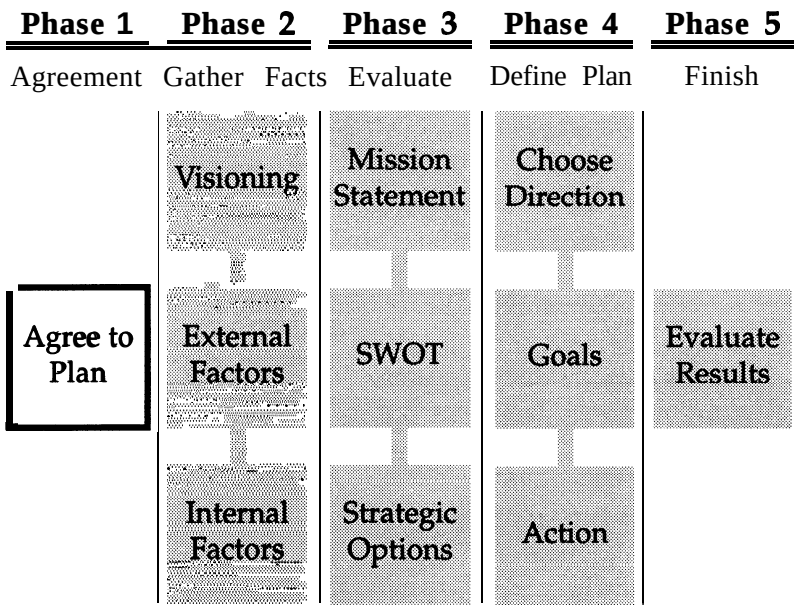
- Give participants ample time to “think through suggestions.”
- Go “round robin”. Get active participation from the whole team. Most people require at least 7 seconds of thought before responding to or offering a statement.
- Take breaks often to revitalize the thinking process.
- Don’t ask to speak, just speak.
- Keep your talk brief and on the issue.
- Be careful of the tone of your voice. Speak in an easy conversational manner.
- Listen attentively to all speakers.
- Don’t interrupt other speakers.

- Don't use killer phrases such as:
 - we've tried that before;
 - we've never done that before;
 - the members won't go for it;
 - good idea, but;
 - it's too difficult, complicated, hard, etc.;
 - that takes too much time;
 - it costs too much;
 - it's a waste of time, money, resources, personnel, etc.;
 - that's good enough;
 - alright in theory;
 - we don't have the people, room, money, resources, etc;
 - it won't work;
 - it can't be done;
 - it's too radical a change;
 - our members won't accept that;
 - we are too small, big, etc.;
 - that's not our policy;
 - no one communicates;
 - we don't have the expertise;
 - well, who else has tried it;
 - that's not our problem;
 - it can't be any better;
 - that's the dumbest idea I've ever heard;
 - we can't.

- Instead, use:
 - how can we make it better;
 - we can be the first;
 - look at it from this angle;
 - great idea;
 - necessity is the mother of invention;
 - we'll reevaluate priorities;
 - we learned from the experience;
 - we can make it work;
 - think of the possibilities;

- the investment will be worth it;
- we'll get a jump on the competition;
- let's network with those that have the expertise;
- there's always room for improvement;
- maybe there's something we can cut;
- temporary space is an option;
- we'll never know until we try;
- we can sublet it out;
- let's try one more time;
- it will be a challenge;
- let's open the communication channels;
- here are some alternatives;
- let's take a chance;
- let's educate our members;
- we're the right size for this project;
- anything's possible;
- maybe we can try;
- another suggestion can be;
- we'll take responsibility;
- that's the best idea I've ever heard;
- we can.

Figure 2 — Phase 1. Agreeing to Develop a Strategic Plan



PHASE 1.
AGREEING TO DEVELOP A STRATEGIC PLAN

Agreement

A strategic planning session is begun by making everyone familiar with the strategic planning process and with the people involved. Commitment to make a plan is then explored. Commitment to carry through with it must be then made. This is important because the board of directors represent the interest of the cooperative's owners, its members. Planning and choosing a direction may mean making some changes. This might be fine tuning the existing structure or it may mean changing the entire structure. Making changes requires commitment to see it fulfilled.

It is important during this phase to make sure everyone is working with the same assumptions. The need to plan should be explored. This is an important step because any real change in the way things are done must start at the top. Assumptions of the planning group members regarding time commitments, resources, personnel, and results of the planning sessions should be discussed so everyone understands them.

During the agreement phase, the steps shown in Figure 1 are explained. The sequence of steps is discussed so everyone knows what is ahead in the planning process. Appropriate timelines are set for each step. Agreement is made concerning who is to be involved in the planning. Roles and responsibilities for each member of the group are clarified. Commitment is made to seeing the process through to the end.

Ground Rules for Planning Sessions

1. Participants represent a range of interests and concerns. Each member of the group agrees to respect the other members and can expect the same respect in turn.
2. Listen carefully to each other, ask questions for clarification, and make statements that attempt to educate or explain. No single person has all the correct answers.
3. Constructive frankness is an effective tool. Participants should commit to stating needs, problems, and opportunities--not positions--in the discussions.
4. Decisions will be reached by group consensus. If this isn't possible, agreement must be made that a majority vote will be the alternative decisionmaker.
5. Participants agree to disagree to support open discussions of issues.

Topics to be addressed in this phase are:

introductions,

purpose of the meeting,

agenda for the planning session,

steps in the strategic planning process,

role of the facilitator,

role of the recorder,

role of the planning group,

formation of special committees, if needed,

commitment,

assumptions associated with planning,

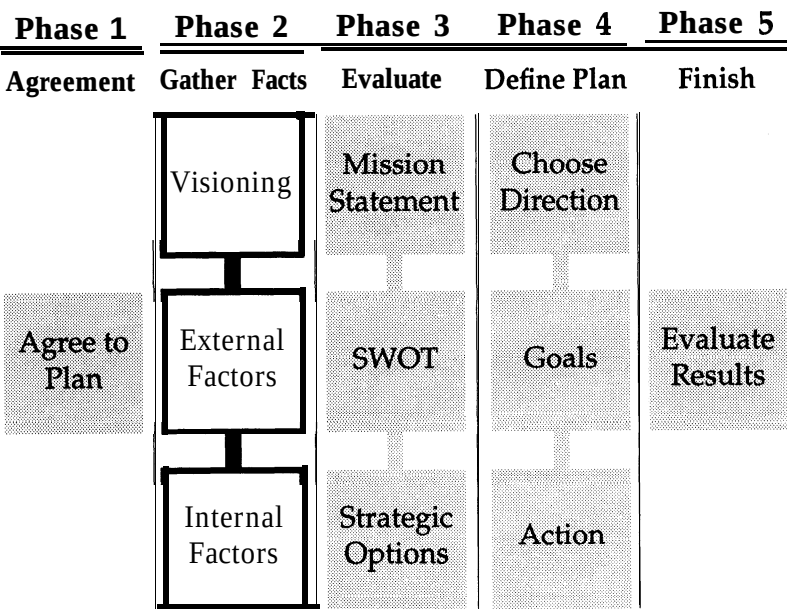
expectations of what the planning group would like to accomplish,

and form of the finished strategic plan.

Hints for success:

- While the board of directors is directly responsible for **long-term** planning, the manager should be included as a resource person. Other examples of resource people include: wholesale and retail marketing experts, regional cooperative personnel, finance-related persons, extension agents, university or college professors, and consultants who can provide insightful information.

Figure 3 — Phase 2. Fact Gathering



PHASE 2. FACT GATHERING

Visioning

Most well-managed and long-lived organizations display the trait of visioning. For strategic planning, a vision is a picture of the cooperative’s desired future. This “picture” should set the stage for where the organization wants to go in terms of its performance criteria, standards, and basic organizational values. Key factors will appeal to common values and positive outcomes.

Visioning should not be confused for the mission statement, the cooperative’s purpose, or its philosophy. It is an image

which focuses the efforts of the cooperative on what it wants to accomplish and what the cooperative will be like when it achieves its mission.

Hints for success:

- Ideally what does the cooperative want to look like in 3, 5, 7, 10, or 25 years?
- What are the most desirable qualities of those who will lead the cooperative to its goals?
- What resources will the cooperative need to achieve its goals?
- What barriers will prevent the cooperative from achieving its vision?
- Who are the people in the neighboring communities who care about what happens to the cooperative as it moves into the future?

Cooperative Environment

To continue Phase 2, the planning group needs to know how the cooperative compares with its competitors and how it deals with its customers. This is often referred to as the business environment. Two sets of facts determine how the **cooperative** copes within its business environment. The first set is external or outside the control of the cooperative. The second is internal and concerns factors that the cooperatives can control.

In some cases where the problems the cooperative faces are easily recognized, a person or committee may be detailed to research which external, internal, trend, or other topics may be useful to the group's planning efforts.

Information packets concerning these topics should be prepared and distributed well in advance of the planning meeting. Evaluation topics can then be discussed by the planning group with little loss of time. Providing prior information

helps to focus the attention of participants, who don't have to read while topics are explained. It also gives participants time to think about implications in the information contained ahead of time and consider thoughtful solutions.

Statistical tables, bar charts, line graphs, and pie graphics help provide further insight. These may be presented by anyone in the group or by someone given that task beforehand. While there are many such forces, group effort should focus on those that are key to the efficiency, operation, or continued existence of the **cooperative**.

It may be in the planning group's interest to appoint a special committee to locate where these data can be obtained. Graphics can be prepared that tell the story clearly and quickly. Past studies, extension information, county records, university research articles, and trade journals and magazines are all good sources of information.

External Environment

The external evaluation is a consideration of the forces and trends beyond the control of the planning group. Examples are: population size, median age of population, per capita income, total property taxes, total assessed valuation, farm industry earnings, crop prices, interest rate trends, climate pattern trends, and equipment price trends.

Subjects such as climate, technological change, economic forces, social and demographic trends, and political climate are also external forces and may have some relevance to the future of the cooperative. Stakeholders in the cooperative such as clients, customers, members, employees, government, and banks are also a part of the external environment. Competition from other business firms, as well as from collaborators is another factor.

External Evaluation Questions:

What external forces (outside the control of the cooperative) are hindering the cooperative's effectiveness?

What forces are helping the cooperative?

What trends will have the greatest potential impact on the cooperative?

How will these forces affect the cooperative in the future?

Which of these are key factors?

Who are the cooperative's stakeholders?

What is the cooperative's territory?

Who is the competition?

What is an estimate of their market penetration?

What is an estimate of their dollar sales?

What are their strengths and weaknesses?

How adaptable are they to changing market conditions?

Internal Environment

The second evaluation focuses on the internal forces. These are factors that the cooperative or the manager can change. Factors such as plant facilities and operations, number of employees, board policies, who the cooperative does business with, etc., are all under the control of the cooperative. This includes the cooperative's resources and its employees. Economics, information, competencies, culture, performance, and current strategies can be controlled by the cooperative.

Internal Evaluation Topics:

What advantages does the cooperative have over each competitor?

What are the merchandising methods?

What are the sales strategies?

What kind of advertising does the cooperative do?

When do sales take place?

What are the methods of distribution?

What have sale trends been during the last 5 years?

What are market projections for the next 5 years?

Where is the cooperative's market?

What is the cooperative's membership composition?

How many active members?

How many non-members?

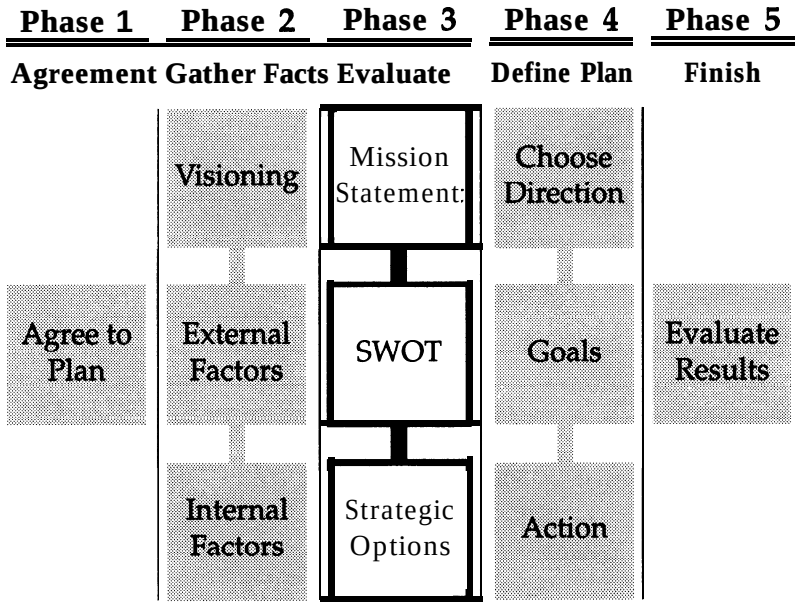
What is the customer's profile?

How much do they spend for each product?

Hints for success:

- Don't rely on perceptions alone during the evaluations. Use real or numerical data whenever possible.
- Start simple and build on a few ideas first.

Figure 4 — Phase 3. Evaluating Alternatives



PHASE 3. EVALUATING ALTERNATIVES

Once the planning group has assessed where the cooperative is in terms of its business environment, it begins to assess its “tools.” The planning group must decide on the basic purpose or mission of the cooperative. This is no easy task. Again, basic assumptions concerning the purpose of the cooperative have to be agreed upon.

When an identity or vision for the cooperative has been established, a close and critical analysis of its strengths and weaknesses can be performed. Often, the resource persons invited to the planning session can provide insight to the group.

Opportunities and threats to its existence are then examined. Brainstorming is particularly useful at this point. No possible opportunity should be overlooked, nor any threat considered too small.

Mission Statement

The mission statement briefly, in a sentence or two, identifies the basic purpose and desire of the cooperative. It makes a concise statement that can be used to make decisions about the cooperative's future. It answers four fundamental questions:

1. What does the cooperative do?
2. Who are its clients?
3. Who are the members of the cooperative?
4. How does the cooperative conduct itself?

The mission statement is built on the previous strategic planning work. The WHAT uses the data developed during the environmental scanning and visioning process. The WHO adapts information taken from the stakeholder analysis. The HOW is based on the discussion of values and beliefs that drive the organization.

Mission and purpose are built on underlying assumptions, those beliefs or conclusions about the cooperative that are seen by the participants as fact and true. Because they are considered true, they provide a basis from which to make decisions, select options, and develop strategies. Many times, assumptions are taken for granted and never discussed.

However, assumptions screen information and determine how new information is interpreted. Often, participants may

assume that everyone feels as they do. Conflicts can arise in group discussions when differences in assumptions and values arise. Working through the process to define a mission statement helps clarify group decision on the cooperative's mission and purpose.

Developing a mission statement may be very difficult and time-consuming, but the statement will lay the foundation for developing action strategies. A well-developed mission statement clearly provides a direction for the organization and can be used as a basis for decisionmaking.

Mission Statement Topics:

Who is the cooperative?

What does the cooperative do?

Who are its patrons?

What is the cooperative's business?

What should it be?

What is the cooperative's uniqueness?

What is the cooperative's primary emphasis?

What is its direction?

What should it be?

What are the values with which the cooperative operates?

Who makes up the membership?

What are the values that drive the cooperative?

What values are the group unwilling to negotiate?

What assumptions does the cooperative use to solve organizational **problems**?

What is NOT this cooperative?

What is true about this cooperative?

What is one “absolute” fact about this cooperative that will NEVER change?

SWOT Analysis

Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis is needed to identify emerging external opportunities and threats that may impact the organization’s ability to achieve its desired future and to analyze the cooperative’s internal strengths and weaknesses for meeting those opportunities and threats. These should be prioritized and rated with low to high probabilities of occurring. A group awareness of these potential changes to the cooperative’s operational environment is useful.

SWOT Topics:

What are the cooperative’s strengths?

What are the cooperative’s weaknesses?

What opportunities exist for the cooperative?

What threats exist for the cooperative?

Which of these are short-term?

Which of these are long-term?

What is the cooperative doing well or right?

What is the cooperative doing inadequately or wrong?

Is the cooperative making financial progress?

Are enough services being offered?

Is communication between management, employees, and patrons adequate?

Is the cooperative of the correct size to handle its present marketing territory efficiently?

Are the employees adequately trained?

Are directors voicing the concerns of members?

Are the directors making decisions based on sound business management or procedures?

Are members (patrons) satisfied with their cooperative?

Who are potential members of the cooperative?

What customer and member needs are not presently being met?

How can the cooperative leverage opportunities when they appear?

What ideas does the planning group have for turning the weaknesses into strengths?

How can the cooperative respond to different problems?

How can the cooperative build on its known strengths?

Strategic Options

Up to this point the group has taken a close look at its business environment and determined how it wants to do business. It has identified the problems it faces and assessed its own abilities to solve these problems. Now it is time to establish several potential directions, actions, or options, which are open to the cooperative as solutions to these problems.

It is here that many strategic planning groups “hit a brick wall” in moving through the strategic planning process. The reason is that most groups see numerous alternative actions as being possible directions to take, or may not see any at all.

The hesitation comes because not enough information regarding outcomes, risks, and payoffs is available to the group so that it can make an informed decision as to which direction to take. In order to work through the process, the group should consider no more than three or four possible alternatives, at the most. Often, the choices can be narrowed down to one or two.

The identification of strategic options related to the fundamental vision of the cooperative. (Strategic options are those fundamental policies, problems, or opportunities that could be costly if the cooperative took no action). Strategic options involve products or services, the process method, values of the cooperative, its location, seasonality of products, or who will be advantaged and disadvantaged.

It also relates to the membership, clientele, types of products and services needed, management, and budgeting issues. Strategic options often involve conflicts of issues such as to what ends the options may lead, the philosophy, location, when options will be addressed, and who will benefit.

Three concerns must be addressed when examining strategic

options. First, describe options in clear terms. The options are often framed as a question that the organization can do something about. Second, address the policy questions. What makes an option strategic? Factors such as mandates, vision, mission, and values need to be listed. The framing of strategic options is very important. Third, thoughtfully examine the consequences of not addressing the options. If there are no consequences, either for or against the business, it is not a strategic option.

Strategic Options Topics:

What should the scope of our services be?

What type of members should we serve?

What kinds of technology should be used?

What quality of service should we provide?

What type of cooperative image should we try to project?

What are our fundamental objectives?

What is the conflict?

What are the probable consequences of not addressing the issue?

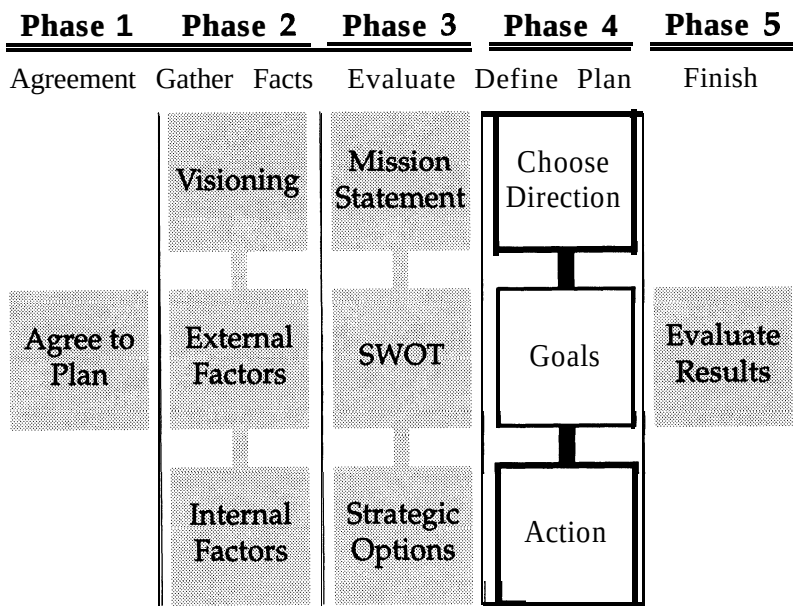
To test for how strategic an option is, answer:

When will the threat or opportunity need to be confronted?

How broad an impact will it have?

How large will the financial risk or opportunity be?

Figure 5 — Phase 4. Defining the Plan



How apparent is the best approach for resolving the issue?

Hints for success:

- Review environment scan, mission statement, and SWOTs.
- Phrase each as a question that the cooperative can do something about.
- Focus on options, not answers.
- Consider only one solution to the problem at a time.
- Support every solution you suggest with evidence that will help you win your point.
- Ask questions instead of making direct assertions.

PHASE 4. DEFINING THE PLAN

Choosing a Direction

Certain strategic choices may become clear to the participants by this time in the planning session. Often, only two choices, directions, or philosophies will become apparent. The planning group must choose. This decision may not be easy. It may be negotiated or delayed until everyone feels comfortable with it. In some instances the choice may require a vote by the general membership.

Goals

Every cooperative has goals. But, without formal planning, these goals may not be written and consequently become vague or incorrectly perceived by directors, the manager, the employees, or, worse yet, the members. This results in a lack of clearly defined focus. Planners are responsible for carefully written statements of goals, objectives, and activities. Goals need to be consistent with the identified needs of the strategic choices. The appropriateness of goal statements is a top priority in strategic planning.

A goal is a long-term vision of what the cooperative is striving to **become**. It is a target for medium- to long-range **accomplishment**. Goals should describe what the cooperative wants to achieve. They should be bold and exciting and have a clear finish line. Goals should challenge the organization but be attainable. Finally goals must be ranked by priority.

Goals should be developed with the following criteria in mind: 1) future oriented, 2) broad, 3) measurable, 4) action oriented (the goal statement must have a verb in it) and 5) the outcome must be specified. Goals should be well advertised to the membership and the cooperative's customers.

Goal Topics:

What are the broad general intentions of the cooperative?

What critical issues must be addressed?

Which are the most important?

Based on the information presented, what is a likely goal?

For the next 3 years?

For the next 5 years?

Objectives

Goals are reached through objectives. An objective is a **short-term**, practical target related to a particular goal. Objectives are specific, measurable, related to a specific time-frame, and **results-oriented**. Several objectives may be needed to meet each goal.

Objective Topics:

What targets are needed to achieve the objective?

What resources are needed?

Who will the participants be?

What will the timeframe be?

How will this plan interact with others?

How will progress be measured?

Who will be accountable?

Action Plans

Activities are specific tasks which have to be performed in

order to achieve objectives. They often require integration with other activities.

Activities can be hard to implement for a number of reasons. First, planning groups can inhibit the process by pressuring members to conform to the group's thinking. In this case, needed information is not fully disclosed so that conflict is minimized. Other groups may be so homogeneous in nature that it is difficult for them to think strategically.

Second, the planning process may be a barrier. Using unfamiliar terminology, misunderstanding the final outcome, or the abstract nature of the process may cause resistance to implementing needed activities.

Third, the plan may cause problems within the organizational structure. Can the plan be implemented so the overall mission is accomplished without impairing the function of individual departments? Will policies resulting from the plan be effective at all levels? Resistance to the strategic plan may surface due to a perception that new policies will cause problems.

Fourth, if the plan calls for transforming an institution, how will it be accomplished? Implementation must consider institutional values, culture, leadership style, and mission. This requires leadership.

Action Plan Topics:

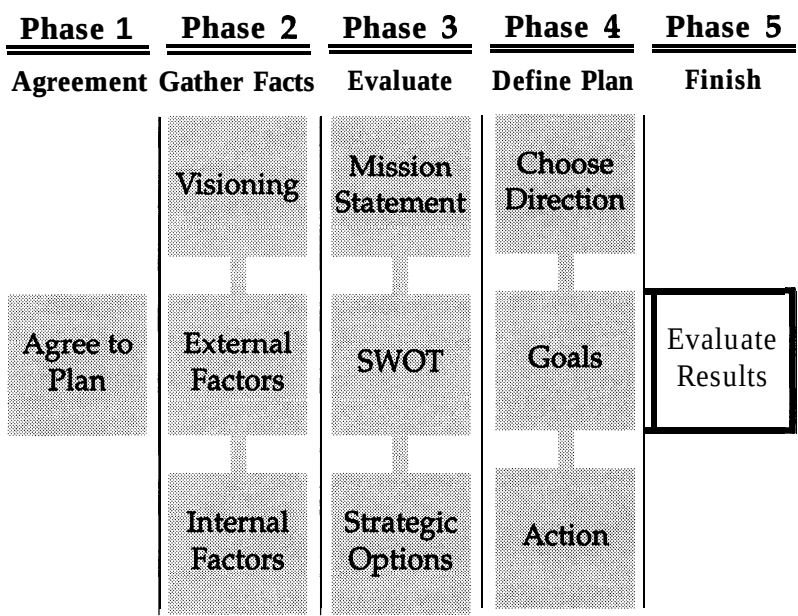
What obstacles are in the way?

Who are the key people?

When will the activity start?

When will the activity finish?

Figure 6 — Phase 5. Finishing the Job and Starting Over



- How will change be noted?
- What structural changes are possible?
- What operational changes are possible?
- What management changes are possible?
- How can resources be reallocated if needed?

Hints for success:

- Keep the wording simple. There is no need to impress anyone.

- Key to success is implementation.
- Assign actions to people who are willing to commit.
- Make implementation a short-term goal.

PHASE 5. FINISHING THE JOB AND STARTING OVER

Evaluation starts immediately after action plans are implemented. Despite best-laid plans, changes will occur. Being alert to these, cutting losses, and determining revisions to the plan for the next planning session will improve the planning group's batting average.

Strategic planning is an annual event. Like any skill, participants improve with practice. Veteran planners note that it often takes 5 years of planning, implementing, and evaluating to obtain desired results.

DEFINITIONS

Actions	Specific tasks needed to reach the objective.
External environment	Trends, technological change, economic forces, social and demographic characteristics, political climate, customers, etc., that are outside the cooperative. Factors over which the cooperative has no control.
Goals	Targets for medium- to long-range accomplishment that will help the cooperative achieve its mission and vision. It is a direction to move in. It describes in general terms what the cooperative wants to achieve.

Internal environment	Resources like workforce, facilities, economic, information, competencies, climate, culture, present operations, performance, etc., within the control of the cooperative.
Mission statement	A brief statement that identifies the cooperative in terms of values and desired future. The mission statement is used to make decisions regarding the cooperative's future. It answers 3 fundamental questions: 1. Who does the cooperative serve (based on its goals) ? 2. What does the cooperative provide (based on its goals) ? 3. How does the cooperative provide it (conduct basic values and beliefs)?
Objectives	Short-term, practical, and specific targets related to the goal. A description of what needs to be done to reach the goal.
Strategic option	An unaddressed problem or opportunity could saddle the cooperative with unbearable future costs. Strategic choices relate to the fundamental questions of the cooperative's mandates, mission, and values. It also relates to the customers, types of products and services needed, man-

agement, and budgeting issues. It is critical to examine the consequences of not addressing the issues. If there are no consequences, it is not a choice.

Underlying assumptions	Beliefs or conclusions about the cooperative or its environment that are seen as fact and seldom change.
Values	Beliefs that certain types of behavior or outcomes are personally or socially preferable.
Visioning	What is the best possible future that can be seen for the cooperative?