



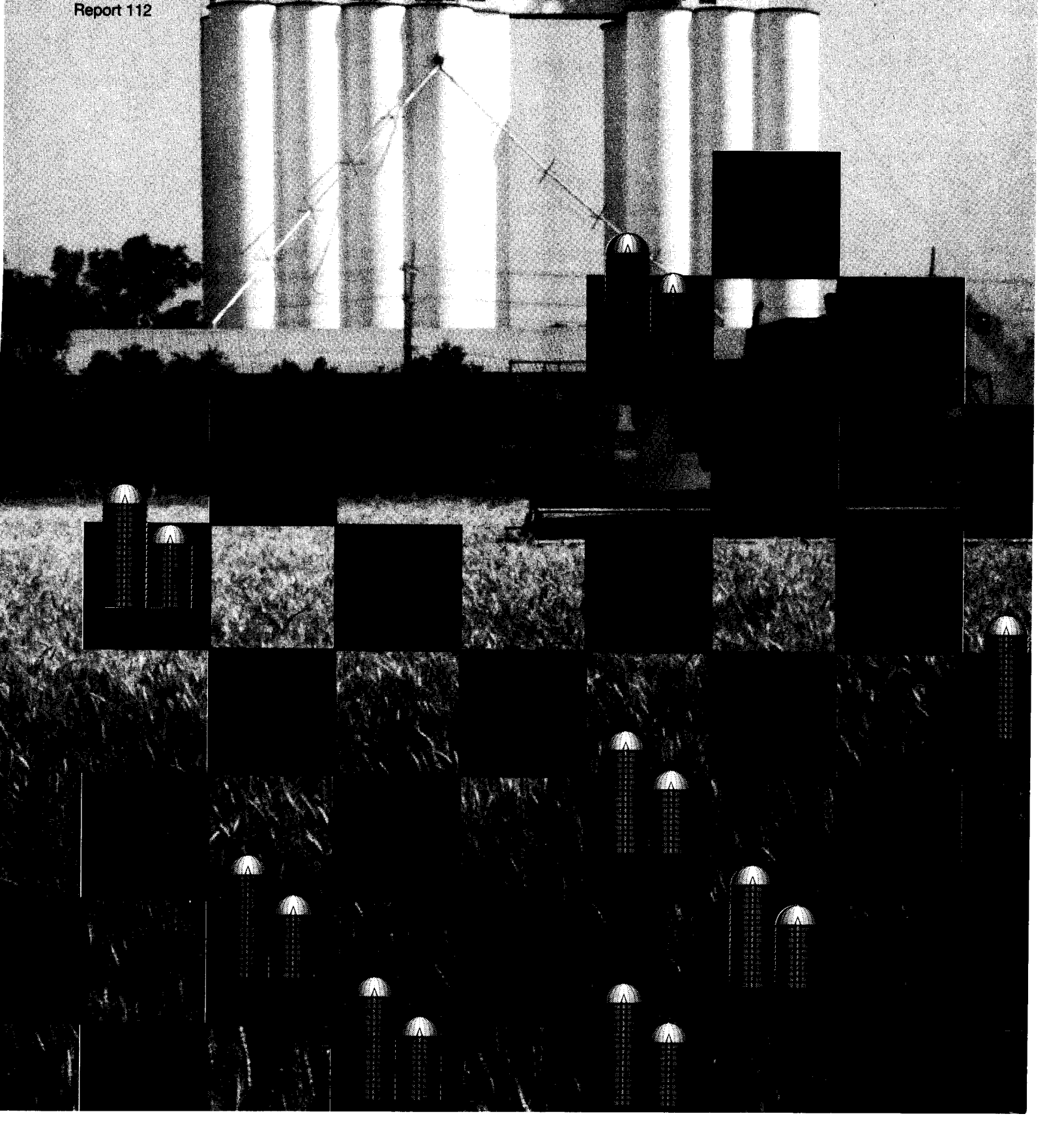
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Strategic Planning

A Conceptual for Small and Midsize Farmer Cooperatives



Abstract

Strategic Planning: A Conceptual Model for Small and Midsize Cooperatives

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This report presents a conceptual model of strategic planning for use by small and midsize farmer cooperatives. Basic elements and attributes of strategic planning are defined and described in the context of cooperative organizational structure. Information on how strategic planning can be implemented—as a system or process—in small or midsize cooperatives is provided.

Keywords: Strategic planning, cooperative, concept, objectives, strategies.

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Preface

Strategic planning is at the forefront of current governing innovations among cooperatives. The concept has gained importance as cooperatives strive to position themselves for the future in the uncertain marketplace and changing structure of agriculture. In essence, strategic planning is a decision-making and planning tool that, when effectively implemented, enhances cooperative operations and probability of success.

This report describes strategic planning in the context of small and midsize farmer cooperatives. The objective is to provide information to cooperatives interested in initiating strategic planning or enhancing their present strategic planning system.

The information in this report was obtained from direct strategic planning experience with cooperatives, interviews with cooperative personnel involved in strategic planning, and textbooks, journals, articles, and other documents on strategic planning.

Highlights

Strategic planning involves the formulation, implementation, and evaluation of strategies that enables a cooperative to reach its objectives. A number of characteristics and elements are fundamental to effectively incorporating a strategic planning process or system into small and midsize cooperatives:

- Strategic planning must be molded and adapted to a cooperative's distinct operational and organizational structure.
- Everyone involved in cooperative operations must be fully committed to strategic planning—directors, management, and employees alike.
- The board of directors must play a significant role in all areas of the strategic planning process.
- A mission statement that essentially directs strategic planning must be developed and regularly reviewed.
- A current condition and outlook analysis must be periodically carried out and regularly updated. This analysis should include a review of the cooperative's internal and external environment, strengths and weaknesses, and opportunities and threats.
- Short- and long-term objectives must be developed on a regular basis and continually reassessed.
- Strategies must be developed and implemented to reach objectives. Action plans to direct cooperative resources in coordination with strategies aid strategy implementation.
- Feedback is imperative to effective strategic planning. Mechanisms for monitoring and assessing strategies should be designed and used to enhance feedback.
- Strategic planning meetings should be for strategic planning only. These meetings are likely to be more successful when held away from cooperative headquarters.
- Strategic plans must be well documented and clearly written.
- Cooperative communication channels between directors, employees, members, and patrons must be open and well developed.
- A planning horizon should be specified and adhered to, and a planning cycle for regular updating and development of strategic plans should be determined and followed.
- Strategic planning thinking must become continual—once begun, strategic planning must never end but, rather, expand and build on itself.

Strategic Planning: A Conceptual Model for Small and Midsize Cooperatives

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Strategic planning is becoming increasingly common among the governing functions carried out by cooperative leaders in the United States. Strategic planning has gained importance to cooperatives as they strive to operate in difficult economic times and adapt to the continually changing structure of agriculture.

Strategic planning can enhance cooperative management and the effectiveness of the operation. Astute cooperative leaders recognize the importance of knowing where their cooperatives are, where they are headed, and how they are going to get there. In essence, strategic planning answers such questions.

Strategic planning is identified in this report as a concept. This is because the interpretation and understanding of strategic planning are dependent on how individuals or leadership groups perceive it in relation to the distinctive governing style and structure of their organizations.

As a concept, strategic planning does not require any specific number or ordering of strategic planning elements or techniques. Nor is there an exact method for organizing and employing strategic planning in an organization. However, there are a number of key elements basic to the concept of strategic planning and some common ways to employ it.

This report provides a general philosophy and describes the basic elements and features of strate-

gic planning. The objective is to provide information to small and midsize farmer cooperatives interested in initiating strategic planning or enhancing their present strategic planning system.¹ A strategic planning model is developed by providing a definition of strategic planning, relating the strategic planning concept to the uniqueness of cooperatives as business enterprises, defining directors' and employees' role in strategic planning, describing basic elements of strategic planning and how they work, and indicating how strategic planning can be integrated into cooperative organizational structure.

STRATEGIC PLANNING DEFINED

The explicit words used to label the concept—strategic planning—described in this report vary in much of the literature on the subject. What is labeled strategic planning herein is often referred to as long-range planning, long-range strategic planning, corporate planning, strategic management, planning, etc. Whatever words are used, the basic implication is the same—that strategic planning relates to indepth organizational and operational decisions for employing an organization's resources.

The definition of strategic planning as a concept, like the words that provide its label, differs depending on the perspective being studied. David, who identifies the concept as strategic management, defines it as the formulation, implementation, and evaluation of actions that will enable an organization to reach its objectives.*

¹The terms "small" and "midsize" are meant to identify cooperatives that have a somewhat simple organizational structure. They may encompass one or more business units but generally have limited division or line-business managers.

²David, Fred R., *Fundamentals of Strategic Management*, Merrill Publishing Co.: Columbus, OH, 1986 (p. 4).

This definition is simple but sound. In this report, David's definition is adopted as the general postulate of strategic planning. However, we emphasize that strategic planning is more than just a pre-described framework for making decisions; it includes a conviction toward an organization's purpose and future success that is generated through continuous thought, intuition, experience, and analysis.

COOPERATIVE STRATEGIC PLANNING

The major implication of strategic planning as it relates to cooperatives is that its execution must be intended to enhance present and future operations for the strength and viability that will ensure that cooperatives accomplish their fundamental purpose—improving the economic well-being and quality of life of farmers.

Strategic planning answers four basic but important strategic questions that cooperatives constantly face: (1) Where is the cooperative now?, (2) Where is the cooperative going?, (3) Where should the cooperative be going?, and (4) How is the cooperative going to get where it should be going?

Commitment

Commitment is fundamental to successful strategic planning in cooperatives. Without commitment to the process, strategic planning will fail. The board of directors and management must be fully committed to determining the cooperative's future direction and policies based upon sound strategic planning concepts. Direct employee involvement, where appropriate, will increase the probability of strategic planning success. This is because "ownership" of, or "linkage" to, an idea imparts a strong desire to ensure that a plan works. Thus, the ultimate success of strategic planning in an organization depends on the personal stake of the people involved in the organization in seeing the plan through.

Directors' Role

Strategic planning begins with the direct commitment and involvement of the board of directors. Directors must understand their roles as strategic planners. Since cooperatives exist to serve and improve the economic well-being and quality of life of member-owners, it is incumbent on directors to be actively involved in determining the future course of their cooperative through the strategic planning process. In essence, the board is the voice and conscience of member-owners.

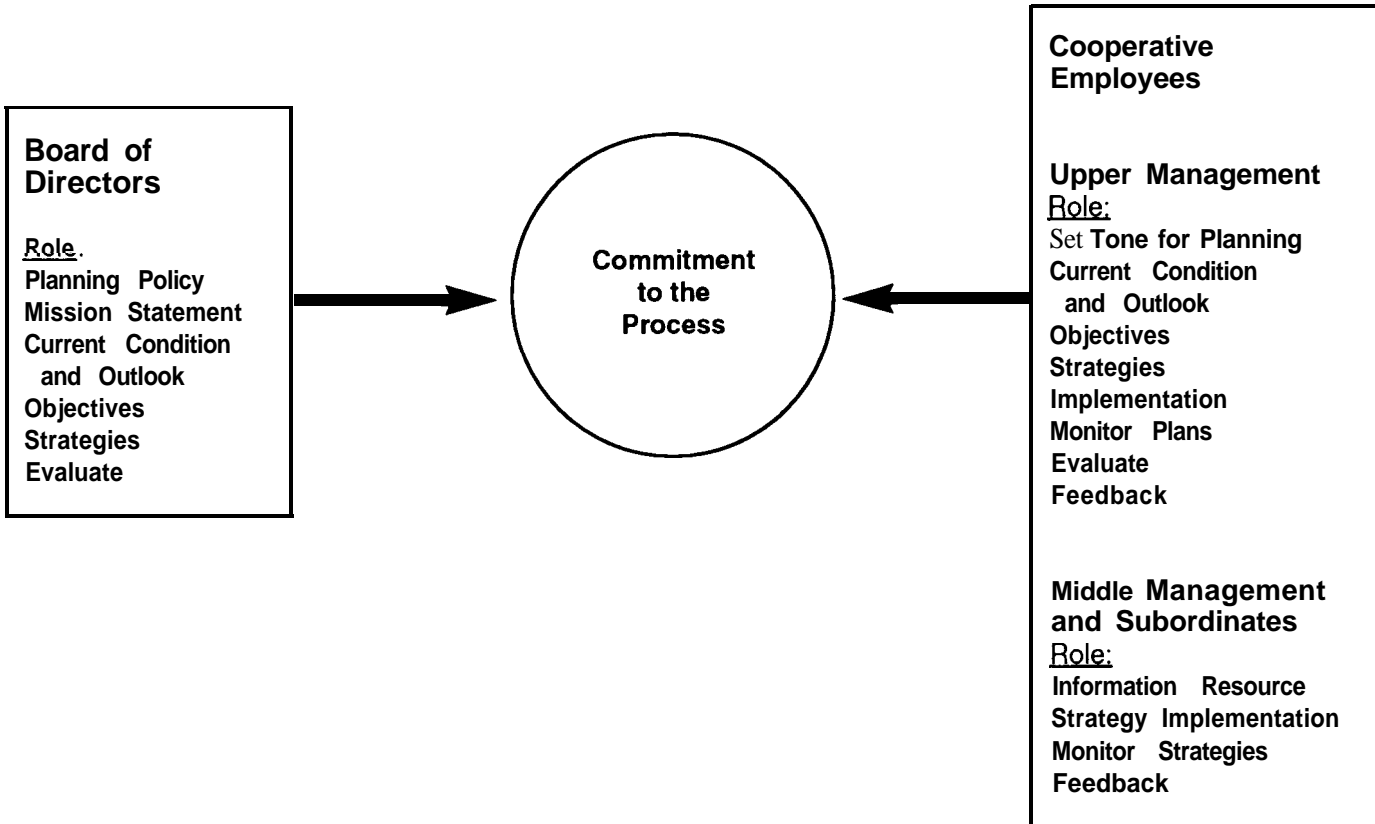
Director involvement should extend in some manner to all the basic elements of strategic planning: defining the organization's mission, developing short- and long-range objectives relative to the mission, formulating strategies to reach the objectives, providing management with a mandate to implement plans, and evaluating the progress the cooperative makes against the plans (fig. 1). Since poorly implemented plans are unlikely to succeed, directors must ensure that managers and other cooperative personnel—the plan implementers—are active participants in the planning process.

Employees' Role

Upper management (e.g., general manager, assistant general manager, comptroller) plays a significant role in the strategic planning process. Upper management is responsible for setting the tone and pace for the onset of planning. Analyzing the cooperative's position in its environment, proposing objectives, providing ideas on possible strategies, setting time periods, maintaining control of strategic planning procedures, developing resources, proposing needed changes to strategies, and evaluating strategic plans are all part of the role that upper management needs to assume (fig. 1).

Middle management (e.g., division or line-business management, location managers) and other employees must understand the importance and process of strategic planning as it applies to them. Since these individuals (in most cases) actually physically implement strategies, they must be active participants in strategic planning so they can work to see that strategies develop correctly and

Figure I-Director and Employee Involvement in Strategic Planning



progress. Employees must also report any negative consequences resulting from strategy implementation to management and the board.

Individuals directly involved in planning must be willing to disagree with “conventional wisdom,” to inform management and the board of directors of the dangers of maintaining conformance to internally comfortable plans. Thus, it is essential that upper management creates an environment conducive to free exchange of ideas. In other words, individuals involved in the planning process must be prepared to offer a range of perspectives.

ELEMENTS OF STRATEGIC PLANNING

This section identifies and describes six major elements of strategic planning: (1) Mission state-

ment, (2) Current condition and outlook, (3) Objectives, (4) Strategies, (5) Strategy implementation, and (6) Feedback. These six elements are considered to be fundamental, and thus critical to sound strategic planning. Their inclusion plays a key role in answering basic strategic questions such as the four identified earlier. Table 1 outlines the alliance between the six strategic planning elements and the four questions. Furthermore, when the six elements are viewed in conjunction, they form the solid foundation of a strategic planning process (fig. 2).

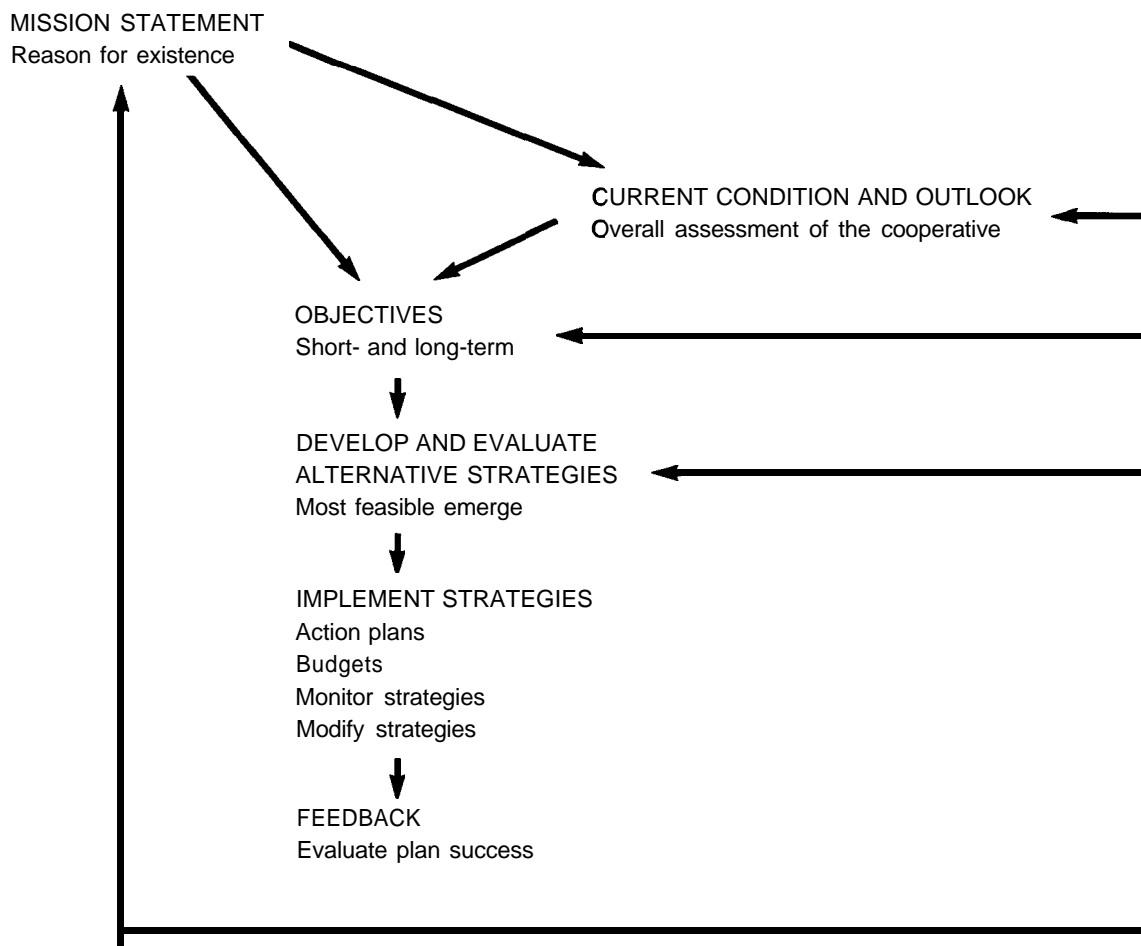
Mission Statement

A key component of strategic planning is the mission statement (sometimes referred to as a vision statement). The mission statement declares

Table I-Basic strategic questions answered by strategic planning

Strategic Question	Elements Yielding Answers
Where is the cooperative now?	Current Condition and Outlook Feedback
Where is the cooperative going?	Current Condition and Outlook Feedback
Where should the cooperative be going?	Mission Statement Current Condition and Outlook Objectives Feedback
How is the cooperative going to get where it needs to go?	Strategies Action Plans Feedback

Figure P-Strategic Planning Process Model



the reason for the cooperative's existence. It establishes boundaries around planning and holds strategic planning within these boundaries. The mission statement also acts to consolidate thinking of the board and management and defines the direction the cooperative will take.

Defining the mission statement is a board responsibility. The board must reach a clear consensus as to what the cooperative is and what it hopes to be. This consensus is then developed into a fairly brief mission statement.

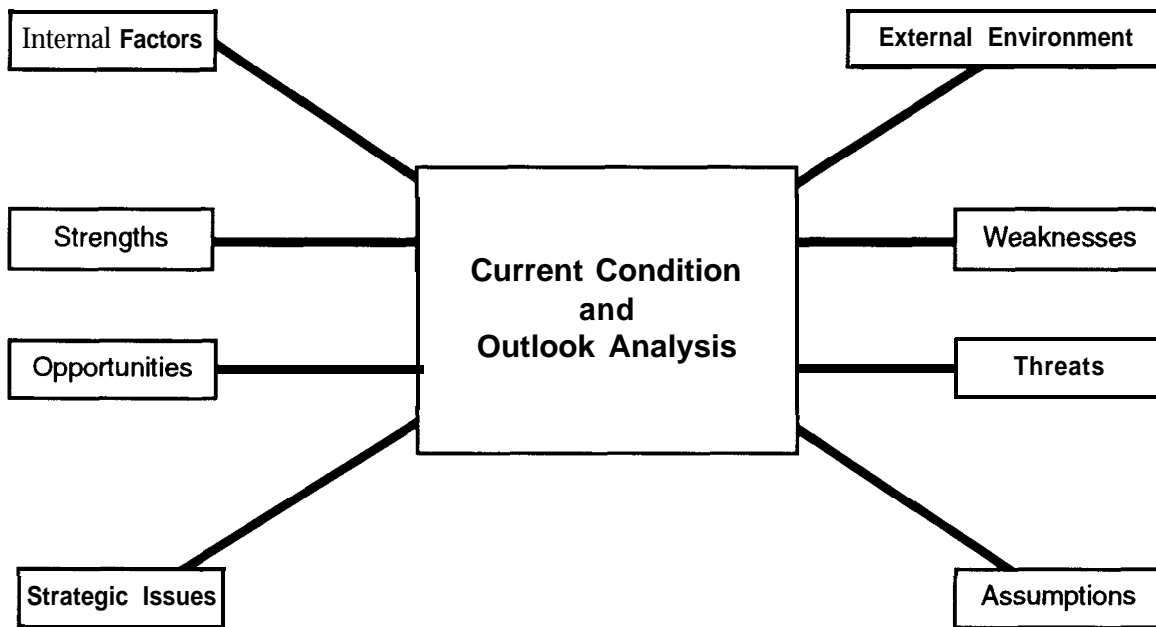
Current Condition and Outlook

Critical to strategic planning is an analysis of the conditions under which the cooperative is currently operating and is likely to confront in the future.

Analyzing the cooperative's current condition and future outlook is management's responsibility. All personnel in the cooperative able to effectively contribute to this analysis should be involved. Directors should also play a role in the current condition and outlook analysis by serving as the voice of members in assessing the cooperative's services and products and its performance relative to members' requirements and expectations, and marketplace demand.

The current condition and outlook analysis should provide an overall assessment of the cooperative. It should include identifying the cooperative's strengths and weaknesses and opportunities and threats, analyzing internal factors (e.g., organizational structure), determining the cooperative's position in its external environment, identifying strategic issues, and making assumptions about the future (fig. 3).

Figure 3-Current Condition and Outlook Analysis



The focus of the current condition and outlook analysis should be to accurately and objectively assess the entire cooperative business. Directors and management must be realistic in self-assessment. This is important since it is possible for a planning process to result in a strategic plan that is internally acceptable to the cooperative but fails in the marketplace. Such a result can occur when planners are more concerned with internal politics than with an objective view of current and future conditions.

Strengths and Weaknesses

Defining cooperative strengths and weaknesses is instrumental in understanding where the cooperative is now and where the cooperative is going. What is the cooperative presently doing well or right and what is it doing inadequately or wrong?

When scrutinizing strengths and weaknesses, cooperatives should review a range of different areas such as financial status, member service, communication avenues, market and competitive position, management and employee situation, director involvement, and member and patron relationships. Some questions addressing these areas might include:

- Is the cooperative making financial progress?
- Is the cooperative providing the right service and/or product mix to patrons and is it doing an efficient job providing the mix?
- Are communication channels between management, directors, employees, members, and patrons adequate?
- Is the cooperative of the correct size to handle its present marketing territory and functions efficiently?
- Does the cooperative have sufficient market share?
- What is the cooperative doing better or worse than competition?
- Are employees good and properly trained?
- Are job positions the correct ones for carrying out cooperative functions and efficiently serving patrons?

- Are directors voicing concerns of members and are they doing a good job?
- Are members (patrons) satisfied with their cooperative?
- What are current and forthcoming strategic issues and is the cooperative prepared to deal with these issues?

While answering questions such as these is not an easy task for management and directors, it is important that it be done objectively. Assessments of strengths and weaknesses will invariably direct strategic planning to areas where it is most needed.

External Environment

Factors linked to the external environment can significantly affect everyday and future operations of cooperatives. Cooperatives need to assess, on both a present and future basis, their position relative to the general economy, the agricultural economy, and competition. This assessment helps identify opportunities the cooperative might be able to take advantage of and threats the cooperative may be able to counter.

For the general economy, factors such as inflation, unemployment, interest rates, consumer legislation, new businesses, and changing values should be considered. For the agricultural economy, size of farms, future farm population, age of farmers, environmental concerns, technology, and government policies and emphasis are areas that should be appraised.

Competitors must be analyzed as to how they affect the cooperative's business—who are they, what are their strengths and weaknesses, what is their market share, what will they likely do in the future?

In assessing future position, the implications of strategic issues (e.g., biotechnology, international trade) should be evaluated. Assumptions also need to be made regarding such things as competition, market structure, governmental regulations and programs, the agricultural economy, the general economy, technology, social and community values, weather, etc.

Issues and assumptions are often subject to change or may already be outdated by the time

plans are implemented. Thus, their inclusion in strategic plans requires regular review and modification.

Objectives

Cooperative objectives (or goals) indicate tangible areas where the cooperative wants to make progress.³ Objectives should be created with a view toward both short- and long-term planning horizons. In this respect, short-term objectives are defined as benchmark results designed to achieve long-term objectives, and long-term objectives are defined as the long-range results (usually in a 3- to 5-year planning horizon) that cooperatives will strive to achieve.

Objectives should be oriented toward, and consistent with, the cooperative's mission statement. They should also be developed in accord with the results of the cooperative's current condition and outlook analysis. Issues concerning possible opportunities and the amount of risk the cooperative is prepared to assume must be discussed in the objective formulation process. The creation of objectives invariably further defines where the cooperative should be going?

Objectives should possess particular attributes. For example, they should be:

- consistent with the mission statement and the cooperative's articles, by-laws, and policies.
- specific-so that what is to be accomplished is explicitly defined and easily understood by the personnel implementing the plan.
- attainable-given available resources the objective must be able to be realistically achieved.
- flexible-objectives should not be so rigid as to disallow modification if changes **in the internal and/or external environment invalidates the original objective.**

Objectives may also be written with the following additional attributes:

- result forecasted (i.e., expressed as a result)-provides management with a concrete base for monitoring and measuring progress.

- time-specific-provides a definite timeframe against which management can base progress.

Objectives should be clearly, concisely, and accurately written. With well-written objectives, there is less possibility of disagreement regarding interpretation.

Although objectives must be explicit, they should be flexible as well. Since objectives are often written based on a set of external environmental assumptions, outside forces will often influence cooperative operations and force the need to adjust objectives accordingly. Objectives must be reviewed periodically to ensure that they are consistent with external conditions and kept in line with ongoing cooperative operations.

Strategies

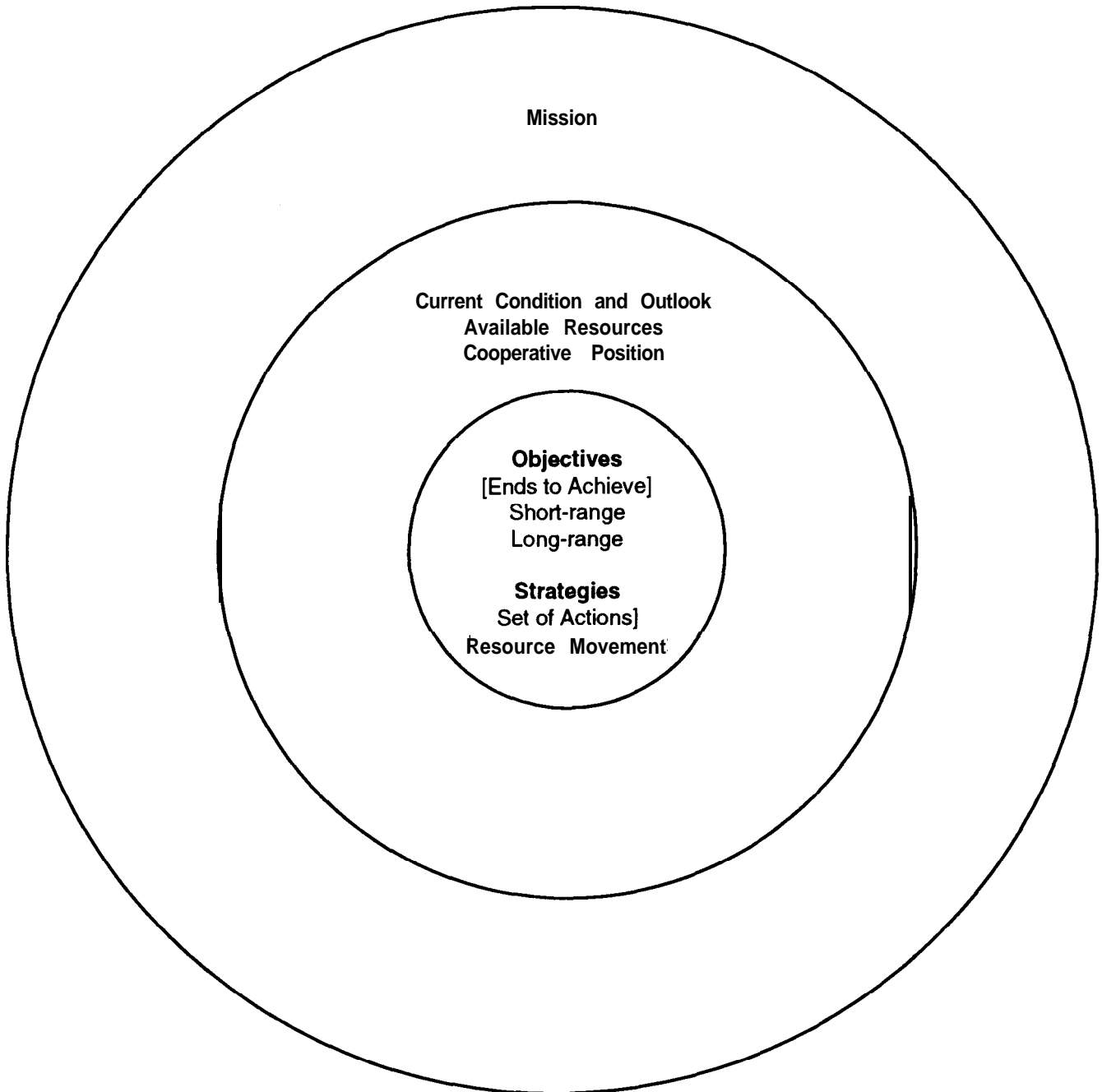
Strategies are means by which to achieve ends. They define a precise set of actions needed to reach stated objectives. Strategy determination involves spelling out precisely how the cooperative will go forward. This often includes making major decisions that may greatly influence the organization's behavior. In the process of developing strategies, objectives should be prioritized and designated as short- or long-term so that strategies are designed consistent with each objective's intent.

Strategies must be developed in-line with the cooperative's mission and within the boundaries of the human, physical, and financial resources available to the cooperative. Thus, a solid understanding of the cooperative's mission and the results of a comprehensive analysis of the cooperative's current condition and outlook are imperative to strategy development (fig. 4).

Strategy determination will at certain times involve a number of different scenarios or contingency plans. Thus, alternative strategies should be developed based on different possible scenarios. These different scenarios should represent an array of plausible changes in the economic environment or reactions by competitors. Alternative strategies should be developed in the same detail and with

³ Objectives and goals are not distinguished in this publication as being different. To be consistent, the term "objective" is used.

Figure 4-Development of Objectives and Strategies in Strategic Planning



the same clear description as with the original strategy. It is important that these alternative scenarios differ significantly, even radically, from the base or initial scenario. This makes the contingency plan more useful and avoids the problem of frequently modifying plans because of nominal changes.

Once an array of alternative strategies has been designed, selection of the most feasible strategies takes place. Management should assist in outlining the most feasible strategies, but the final choice of strategies rests with the board of directors.

Strategy selection can be difficult since trade-offs are required. Inevitably, some strategies must be foregone in order to implement others. This might involve losing ground to competition in one area in order to make strides in another area. The most important question concerning a particular strategy is whether it is the best strategy to lead the cooperative to the intended objective.

Strategy Implementation

Following strategy selection, management commits resources for implementation. "Action plans" are often used to spell out precisely what the implementation process will entail and to organize the allocation of resources. Action plans help ensure effective strategy implementation. Their development should be seriously considered in strategic planning since strategies poorly implemented will do little justice to the time and effort expended in their development.

Strategy implementation can be risky and uncertain. Often, results deviate from what was actually planned. For this reason, strategic plans need to be carefully monitored. If applicable to a particular strategy, a time constraint should be designated and a forecast should be made. Time constraints enable management to make proper commitments early and then work to carry strategies through to completion. Forecasts aid management's effectiveness in monitoring strategy progress and making corrective modifications.

Feedback

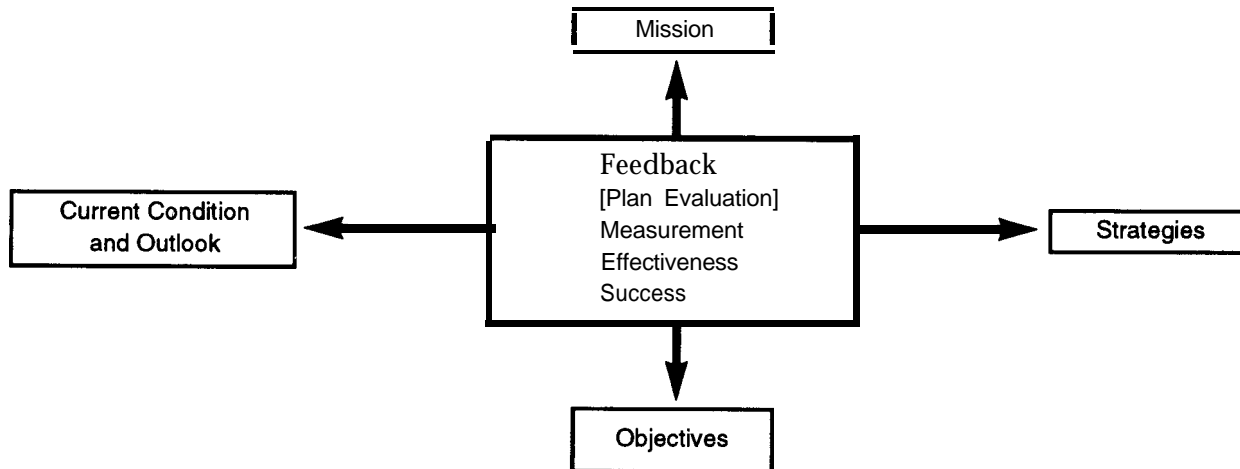
It is vital to be able to measure whether implemented strategies were successful and effective. Were the strategies carried out in the correct manner? Did they work toward accomplishing the intended objectives? Did they improve the overall economic condition of the cooperative? Did they provide benefits to members? Did they reach or exceed forecasts? Feedback information enables planners to more effectively reassess the cooperative's mission, current condition and outlook, objectives, and strategies (fig. 5). In other words, determining the effectiveness of strategies, the problems that developed, and the mistakes will provide beneficial experience for future strategic planning.

To measure the progress and performance of strategies, performance measures (e.g., ratios or indicators) can be useful. Performance measures or factors should:

- be measurable at reasonable expense.
- be controllable either directly (e.g., unit operating costs) or indirectly (e.g., market share).
- be accounted for by a single manager or employee.
- be readily understood.
- cover the key elements or challenges of the cooperative's business.
- indicate operating results as well as financial results. (Operating results are frequently available on a current basis, permitting fast control response. Financial results are generally not available until well into the following month.)
- include key comparisons with competitors.
- be combined into groupings of not less than 4 or 5, not more than 8 to 10, so they can be comprehended as a group and provide an effective overview of the cooperative's business.
- be appraised or adjusted periodically to ensure that they continue to represent the key elements or challenges in the cooperative's business.
- be supported by additional performance measures required down through the lower working levels.

Strategic plans must be continually reviewed and updated at regular intervals. Directors and

Figure 5—The Feedback Mechanism of Strategic Planning



management should strictly review the cooperative's strategic plan at least once a year. Reviews and updates should include: (1) reassessing cooperative conditions and future outlook; (2) taking another hard look at strategies in line to be implemented, (3) reviewing and revising objectives, (4) refining strategies and/or designing new strategies, and (5) choosing and implementing strategies.

OTHER STRATEGIC PLANNING FEATURES

Meetings

Strategic planning meetings should be used to provide a forum for the development of strategic plans. All individuals explicitly involved in the strategic planning process should attend these meetings. The board of directors may wish to develop a strategic planning subcommittee for special meetings, or the entire board of directors can participate in all meetings. Upper and middle management also needs to select appropriate cooperative personnel (i.e., employees) to participate in these meetings. Individuals should be selected to represent all relevant divisions, locations, or departments of the cooperative.

Brainstorming sessions, used to develop a list of thoughts and ideas consistent with the cooperative's mission, current condition, and future outlook, are helpful in getting strategic planning rolling. These sessions should involve interaction between the full board of directors, upper and lower level management and other attending personnel. Relatively new employees should be included in the process for they often bring a fresh outlook. Also, the presence of a strategic planning facilitator can lead to more efficient strategic planning meetings. For objectivity, the facilitator should be from outside the cooperative.

It is important that strategic planning meetings be limited to strategic planning discussions. No other business should be conducted. The meetings should be held outside the cooperative at a local motel or convention center, the next town, or any location where the session will be free from interruptions.

Strategic planning meetings should be held at regular times during the year. However, sometimes it may be necessary to call for emergency or issue-specific strategic planning meetings. Since strategic planning must be approached as a process of continual thought, analysis, and action, the schedule should remain flexible.

All strategic planning work cannot be completed during meetings, especially the current condition and outlook analysis. Background work needs to be done before the process can go forward. Thus, proper preparation for meetings by all relevant individuals is imperative.

Communication

Communication channels must be open between management and directors and between management and employees for effective strategic planning. Directors must communicate the feelings of membership during their participation in the strategic planning process. This takes work on both sides--directors communicating to members and members communicating to directors. Cooperatives must also make a major effort to communicate to members the strategic direction the cooperative is taking. Keeping members attuned to the direction the cooperative is planning to take will enable them to better communicate their ideas.

Documentation

Strategic plans should be documented as they are developed. Putting plans into writing helps to avoid misinterpretation of what is to be accomplished and how it is to be done. Also, having written and detailed strategic plans allows for more efficient implementation, monitoring, and reviewing. Three forms are included in the appendix to provide examples for documenting strategic plans.

STRATEGIC PLANNING AS A SYSTEM

Together, the elements and actions of strategic planning form a strategic planning system (fig. 6). The components can be modified or ordered in any manner that will enable them to best fit into individual cooperative structures to ensure that strategic planning is efficient and effective.

Each component or attribute of the system summarized in figure 6 was described in greater detail earlier in the text. The words in parentheses (within each element box) label the participants

that would likely play major roles in the various segments of the system.

All participants within a strategic planning system need to have a common understanding of the elements and characteristics included. For this reason, cooperatives often develop strategic planning policy manuals or guides to follow in carrying out their strategic planning. Manuals or guides ensure that planning is completed in an efficient and effective manner and that all aspects of strategic planning from the cooperative's distinct system are covered.

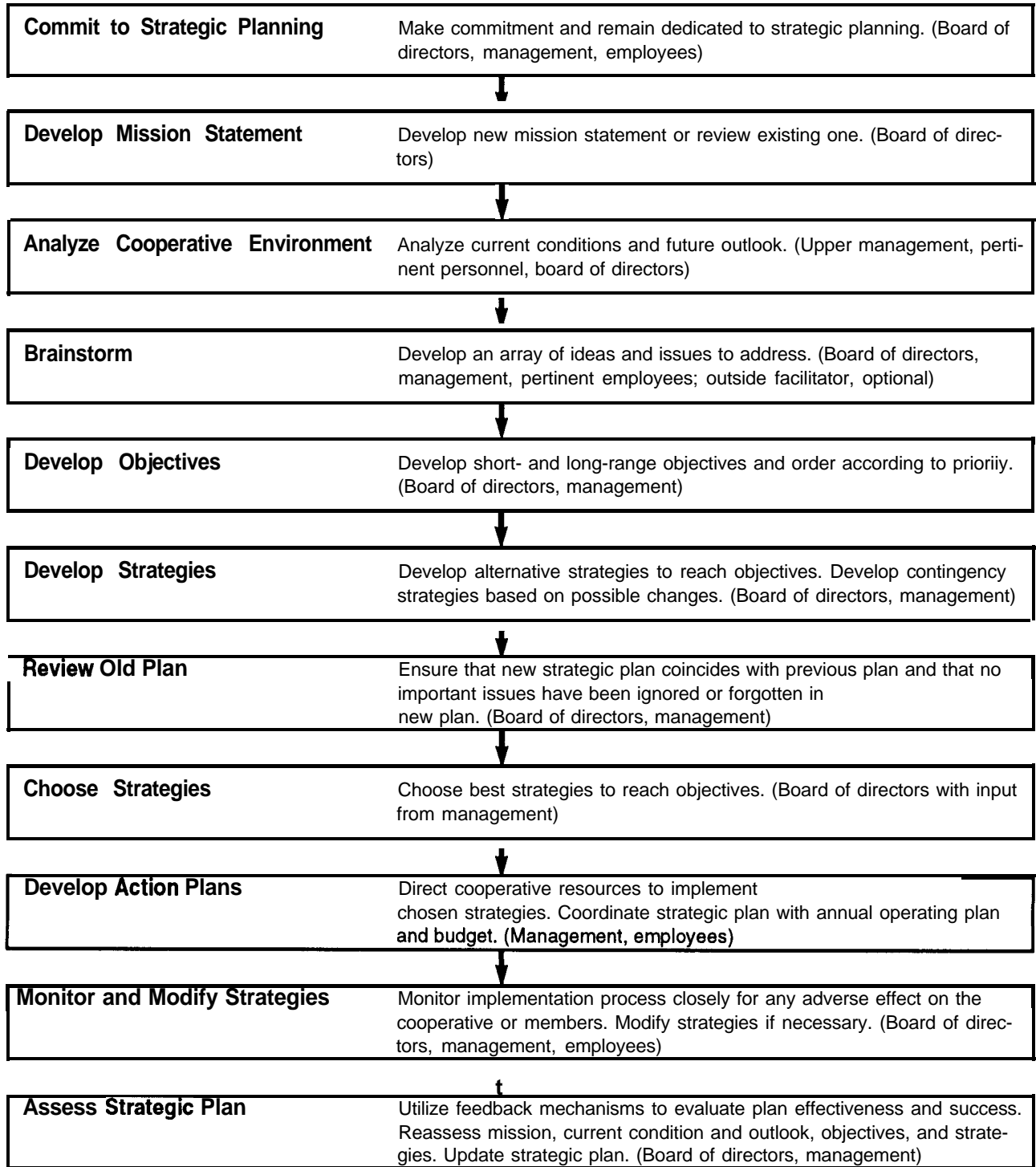
Planning Horizon and Planning Cycle

Although there is no universally defined time that strategic planning should cover, most planning horizons extend out to 3 to 5 years. Whether the planning horizon is 3 years or more, the first year should coincide with the current fiscal or budget year. This permits capital resources to be budgeted for allocation on a yearly basis in accord with the implementation of strategies.

The planning cycle is a repetitious process of strategic research and analysis, review, development, implementation, and performance measurement. This process generally is repeated on an annual basis, but frequency can vary from a few months to 2 or more years. The importance of monitoring and feedback in the process suggests that strategic plans be updated frequently.

Table 2 shows how the strategic planning system can be incorporated into a yearly planning cycle. The process begins in January and continues through the year as strategies are implemented. The timeframe shown in this cycle would coincide with a fiscal year that begins in July and ends in June. In that respect, annual budgets and operating plans could be coordinated with the strategic plan. It should be noted that strategies being implemented from current strategic plans can continue while strategic plans are being updated. Implementing a fixed planning cycle is not imperative, but will aid in keeping strategic planning efficient and active. However, if additional or special meetings need to be called for strategic planning purposes, they should be called, even at the

Figure 6—Cooperative Strategic Planning System



Utilize Strategic Planning Features

- Make strategic planning meetings specific to strategic planning. Hold major strategic planning meetings away from cooperative headquarters.
- Communicate, in a broad manner, strategic effort of the cooperative to members and patrons.
- Consolidate information and document into a detailed strategic plan.

expense of throwing the planning cycle temporarily off schedule.

Incorporation Into Cooperative Structure

Incorporating strategic planning into cooperative structure involves defining who the participants will be and what their roles will entail. Figure 7 presents the organizational structure of a hypothetical midsize farm supply and grain marketing cooperative. This cooperative would likely include the general manager, assistant general manager, comptroller, and divisional management (feed production, agronomy production, farm supply merchandise, and grain marketing managers) in its upper management team that would work and brainstorm with the board of directors during strategic planning meetings. These meetings would

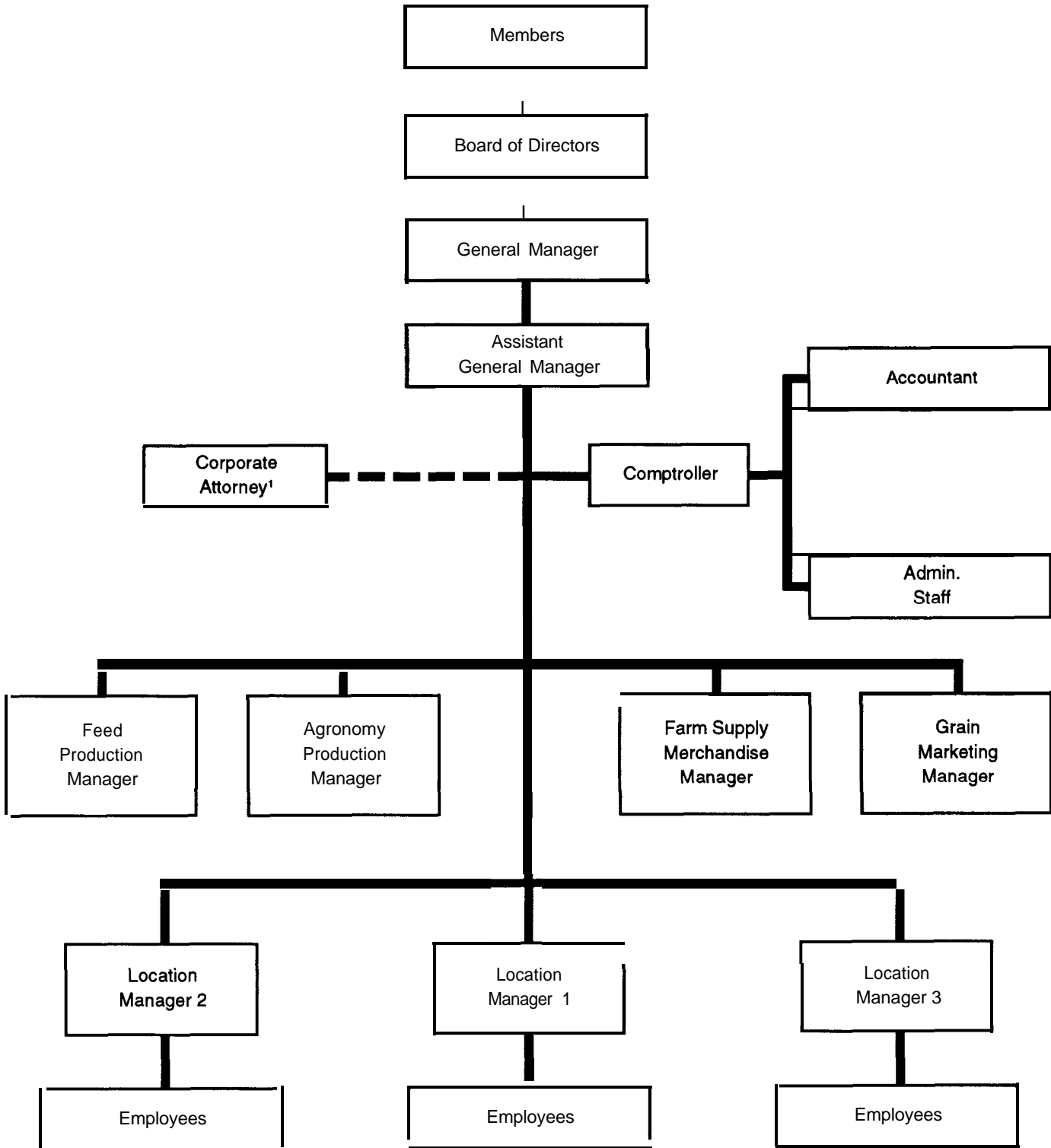
be held to discuss and debate the cooperative's current condition and outlook, and to develop objectives and strategies. General management and divisional management would represent the cooperative's distinct divisions as well as the managers and employees of the three separate locations of the cooperative. The comptroller would provide input on the cooperative's available resources and financial position. Information needed for planning on the three locations would be solicited from location managers by upper management (in turn, location managers would solicit input from their subordinates).

Strategy implementation would involve all employees. Responsibilities for carrying out the strategies specific to the three divisions would be held by the division managers. Location managers would be responsible for carrying out strategies

Table 2-A strategic planning cycle

	Agenda Item	Time-Frame
(1)	Background Research Review Current Conditions and Outlook Review Previous Strategic Plan	January
(2)	General Strategic Planning Meeting Review and Reconfirm Cooperative Mission Reconfirm and/or Develop Objectives	February
(3)	Specific Strategic Planning Meeting Develop Alternative Strategies Select Most Feasible Strategies	April
(4)	Strategic Plan Documentation and Development Consolidate Preliminary Documentation Develop Strategy Action Plans Coordinate Strategies with Next Year's Budget Guidelines	May - June
(5)	Strategic Plan Approval Meeting Action Plans Approved by Board of Directors	June
(6)	Strategy Implementation Direct Resources-Implement Action Plans Monitor/Modify Strategies	[Fiscal year begins] July - (Ongoing)
(7)	Strategy Feedback Assess Strategic Plan Effectiveness	Ongoing December

Figure 7—Organizational Structure: Farm Supply and Grain Marketing Cooperative



¹ Not an employee of the cooperative.

that are applicable to their respective location. In each strategy implementation case, employees would be directed to carry out strategies that are applicable to their specific assignments or positions in the cooperative. Monitoring implemented strategies would be the responsibility of the general manager, assistant general manager, comptroller, accountant, division management, and when applicable, location management. Any major adjustments to strategies would be authorized by the board of directors.

The documentation of strategic plans and the development of action plans to carry out specific strategies could be assigned to the cooperative's division and location managers. In this case, these individuals would then report to the board of directors, general manager, assistant general manager, and comptroller for input and approval of their action plans and to consolidate individual division and location (business unit) plans into the overall cooperative strategic plan.

Since an outside attorney is included in this cooperative's organizational chart, this individual could be used as a facilitator in the strategic planning process. The attorney, as shown in this case, would likely have substantial knowledge of the cooperative's operations and would also likely be objective, providing opinions from an outside perspective.

Since this cooperative appears to have two distinct functions-marketing grain and selling farm supplies-strategic plans might best be developed and documented in two separate sections that present a mission, objectives, and strategies of each function (business) individually. Of course, some interrelationships or cross-over objectives and/or strategies between the two business functions would likely occur and thus, should be so noted.

SUMMARY AND IMPLICATIONS

Strategic planning is the means by which a cooperative organizes its resources and actions to achieve its objectives. It is a process or system which explicitly defines the mission of the cooperative, the environment in which it operates, the objectives of the organization, the strategies to be

employed to reach those objectives, and finally the feedback loops that tell cooperative leadership whether each of these steps has been correctly identified and implemented.

Six major elements of strategic planning are identified and described in this report: (1) Mission statement, (2) Current condition and outlook, (3) Objectives, (4) Strategies, (5) Strategy implementation, and (6) Feedback. These elements are fundamental to strategic planning. When allowed to interact, they form a solid foundation of a strategic planning system. Inherent in the implementation of these elements into a system is full commitment to the process by directors, management, and employees.

No strategic planning system is complete unless it is successfully integrated into the operations and structure of an organization. Cooperatives undertaking strategic planning must coordinate various strategic planning components and actions into a system that fits their distinct operational and organizational structure. No two cooperatives are completely alike, thus no two strategic planning systems will be entirely alike. Small and midsize cooperatives can successfully adopt the principles of strategic planning by working to ensure that everybody plays an active role in the fundamental strategic planning elements and by incorporating them into ongoing cooperative operations. It is incumbent upon directors and upper management to become full participants in strategic planning and to designate the roles that lower level management and employees need to assume. As a system, strategic planning should be implemented on a cyclical, flexible basis taking into account the cooperative's planning horizon, fiscal year, and availability of the resources required.

When successfully implemented, strategic planning becomes an innate part of the governance, management, and operational character of an organization. It provides a means for making proactive decisions through a systematic identification and examination of issues, problems, and opportunities, and the evaluation of alternative courses of action. Strategic planning also provides an understanding of the assumptions and limitations supporting decisions so that as conditions

change during plan implementation, necessary adjustments can be made quickly and accurately.

The more diligent cooperatives are at carrying out their strategic planning activities, the more effective their decisions will be. Further, to the extent that cooperatives are able to execute strategic planning more effectively than their competitors, the greater advantage they will gain.

Periodically, questions are raised about the effectiveness of strategic planning. This is due, in part, to the unrealistic expectations that strategic planning provides quick-fix solutions to complex problems. Despite the criticism, there is growing recognition that strategic planning is an effective governing tool that is becoming more essential in the modern business world.

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Appendix Example Form 1-Cooperative Strategic Plan

STRATEGIC PLAN: Cooperative Name _____ Date _____

MISSION STATEMENT: (Write out mission statement.)

SHORT-TERM OBJECTIVES: (List short-term objectives.) _____

(1) _____

(#) _____

(#) _____

LONG-TERM OBJECTIVES: (List long-term objectives.)

(1) _____

(#) _____

(#) _____

STRATEGIES: (State each objective and list all strategies developed for each objective.)

Objective (1) _____

Alternative Strategies:

(1) _____

(2) _____

(#) _____

Strategy Chosen _____

Objective (#) _____

Alternative Strategies:

(1) _____

(2) _____

(#) _____

Strategy Chosen _____

IMPLEMENTATION SCHEMES: (Write out summaries of action plans for implementing chosen strategies, include dates and resources to allocate.)

MONITORING AND FEEDBACK PLANS:

(Write out specific plans for following up on implemented strategies including individuals responsible and dates to review individual objectives and strategies.)

Appendix Example Form 2—Cooperative Strategic Plan: Specific Objective

STRATEGIC PLAN-Specific Objective: Cooperative Name Date

OBJECTIVE: (#) _____

ALTERNATIVE STRATEGIES: (List all strategies for this objective.)

(1) _____

(#) _____

(#) _____

CHOSEN STRATEGY: (Describe chosen strategy in detail.)

IMPLEMENTATION: (Write out detailed steps for implementing chosen strategies, include applicable dates and resources to allocate.)

ADJUSTMENTS: (Describe adjustments made during the implementation of strategies.)

EFFECTIVENESS: (Describe results of strategy effectiveness analysis and any feedback received pertaining to strategy effectiveness.)

NECESSARY CHANGES: (Write out any additional strategy corrective action necessary for strategies to reach intended objectives.)

UPDATED PLANS: (Write out specific updated plans including applicable dates to complete or review strategies.)

Appendix Example Form 3—Cooperative Strategic Plan: Strategy Action Plan

STRATEGIC PLAN—Strategy Action Plan: _____ Cooperative Name _____ Date _____

OBJECTIVE: (#) _____

STRATEGY: _____

DATE STRATEGY DEVELOPED: _____

PLAN OF ACTION:

Division or Department _____

Responsibility _____

Dates:

Approval _____

Beginning _____

Proposed Completion _____

Resources Needed:

Capital _____

Human _____

Material _____

Detailed Steps: _____

Feedback (adjustments, etc.): _____

**U.S. Department of Agriculture
Agricultural Cooperative Service**

P.O. Box 96576
Washington, D.C. 20090-6576

Agricultural Cooperative Service (ACS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

ACS publishes research and educational materials and issues *Farmer Cooperatives* magazine. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, age, marital status, handicap, or national origin.