



# Strategic Planning Handbook

## Shortened Version

Presented to:



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## Table of Contents

1.	Backgrounder.....	1
2.	Strategic Diagnostic.....	1
2.1	Basic Principles.....	1
2.2	Internal Diagnostic.....	2
2.3	External Diagnostic.....	3
2.4	Questionnaire.....	3
2.5	Challenges and Strategic Orientations.....	4
3.	Strategic Choices and Objectives.....	4
3.1	Basic Principles.....	4
3.2	Selection of Economic Sectors.....	5
3.3	Strategic Objectives.....	5
3.4	Strategic Choices and Priority Projects.....	6
4.	Operational Plan and Action Plan.....	7
4.1	Basic Principles.....	7
4.2	Questionnaire.....	7
4.3	Action Plan.....	7
5.	Monitoring and Measurement.....	9
5.1	Basic Principles.....	9
5.2	Strategic Monitoring.....	9
5.2.1	Measurement.....	10
5.3	Operational Monitoring.....	10
5.3.1	Measurement.....	11

6.	Practical Tips .....	11
6.1	The Role of the Portfolio Holder.....	11
6.2	Team Composition .....	12
6.3	Preparations.....	12
6.4	Facilitating a Meeting.....	13

# 1. Backgrounder

Strategic planning is a flexible process that can be adapted to the background of each community. This reflective approach is a tool to help indicate and enhance the promising potential of First Nation communities. In fact, according to an entrepreneurial picture already elaborated, 14,3 % of individuals entertain the thought of going into business in aboriginal communities, in comparison to only 7 % for the rest of Quebec.

The strategic planning process will allow you to have a run-down of the situation on accomplishments, and to decide on the directions the community should take in order to maintain its evolution and its economic development. This planning tool will bring you to bank on priority economic projects and support the economic players and business owners who represent 11,7 % of the population in aboriginal communities.

Often confused with the elaboration of action plans, a complete strategic planning addresses the orientations on short, middle and long terms, thus avoiding to re-do the process every year. The process is generally elaborated every three years or more, and provides for an annual revision that allows an adaptation of the strategies, and consideration of the changing elements in the community. It is a yearly status, an assessment and a growth measurement.

Therefore, this Handbook is proposing the elaboration of a strategic plan in four distinct phases, based on the following approach:

- (1) Strategic diagnostic;
- (2) Strategic choices and objectives;
- (3) Operational planning and action plan;
- (4) Monitoring and measurement.

## 2. Strategic Diagnostic

### 2.1 Basic Principles

Strategic diagnostic is defined as a phase which helps position the community in the economic sectors in which it evolves. It is an analysis of the current situation to help understand the skills and resources of the community, in order to subsequently determine if the community has the capacity to adapt to its environment and to allow it to develop. The following questionings are generally part of this phase:

- ▶ Who are we as a community?
- ▶ In which direction do we wish to head for?
- ▶ What can we accomplish with the skills we have?

- ▶ In which field do we perform best?

Strategic diagnostic is generally divided into two sections: the internal diagnostic and the external diagnostic, which will be addressed in detail in the next sections. The result of a strategic diagnostic is the generation of strategic challenges that the community must face. In concrete terms, it is suggested that the team involved in the strategic planning meets at least on to occasions. The first meeting is generally a « brainstorming » session, where each attendee explains its answers to the questions previously asked in a questionnaire. The conclusion of this working session helps determine the required data that are missing to elaborate and support the findings, and also identify the persons who will be responsible for the interventions required to attain it. At the second meeting, a review and an update of the findings elaborated at the first meeting are made under the form of a plenary session. These findings are supported by the information obtained, and the diagnostic is finalized once the main strategic challenges and possible opportunities for the community are drawn.

## 2.2 Internal Diagnostic

### Concept

Internal diagnostic concentrates on internal factors or directly linked to the community. The objective of the internal diagnostic is to bring out the **strengths** and the **weaknesses** of the community with regard to the economic activity sectors. A **distinctive strength** is a source of competitive advantages and not a positive characteristic of the organization. It is an action in which the community excels, or which brings on an advantage. A **strategic weakness** is an area that leaves room for potential improvement. It is a sector in which the community performs poorly, or which places it in a disadvantageous position in relation to its competitors.

The answers to the questionings will constitute the core of your internal diagnostic, therefore, all the importance of a good documentation. The results of the internal diagnostic are generally facts or findings gathered in a working document.

### Example

Following is a brief example of strengths and weaknesses:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▶ Resources' know-how and skills in the area of hunting and fishing;</li> <li>▶ Mobilization of the population for the economic activities of the community.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Low level of take-over in mining sector;</li> <li>▶ Lack of visibility for services provided in the tourism sector.</li> </ul>

It should be noted that « real-life examples » or additional data could complete and support these findings.

## 2.3 External Diagnostic

### Concept

External diagnostic focuses on the background of the community. It will aim essentially at five aspects: the political and legislative environment, the economic trends, the social, cultural and demographic trends, the technical evolution and the environmental challenges. The objective of the external diagnostic is to bring out the **opportunities** and the **threats** that are likely to influence the evolution of the community in its economic development. An **opportunity** is a component of the external environment which provides the organization with an opportunity to grow, while a **threat** is an element of the external environment over which the organization has no control, and which jeopardizes its well-being and its development. The results of the external diagnostic are normally joined to those of the internal diagnostic in one single document where the findings are described.

### Example

Following is a brief summary of opportunities and threats for a community that is active in the forestry sector. These facts need to be supported by the collected data in order to provide as much detail and precision as possible.

Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Alliance with a competitor of the area (note 1)</li> <li>▶ Ecological trends encouraging the use of wood products.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Declining industry (note 2)</li> <li>▶ Substitute products at a lower cost</li> <li>▶ Strict environmental laws (ex. : reforestation) (note 3)</li> </ul>

Note 1 : The details available on a possible alliance should support the findings in order to help assess the opportunity.

Note 2 : This threat should be supported by historical data on industry.

Note 3 : This threat could be supported by excerpts from the law.

## 2.4 Questionnaire

Following, are examples of questions to be asked during this exercise; the answers could be the object of discussions at the meetings, which could help you complete your diagnostic successfully. In fact, examples of questionnaires are available in the complete version of the Handbook.

- ▶ In which economic sectors does your community evolve presently? Under what form (ex: investment in projects, goods and services sales, construction of infrastructures, etc.)?
- ▶ How many businesses are there in the community? How well are these businesses doing financially?
- ▶ What are the key economic projects in the community, and what are the real and potential spin-offs?
- ▶ Are there any important business opportunities and potentially beneficial that are available to the community? If so, what are they?

- ▶ What are the main challenges and external threats faced by the community in its economic projects and in the attainment of its objectives?

## 2.5 Challenges and Strategic Orientations

### Concept

At this phase, it is important to report on the challenges which the community is confronted with and the possible orientations to get to it. A **challenge** is defined as a problematic area which could have positive or negative impacts on the community, while a **strategic orientation** represents a concrete answer turned towards action for an identified challenge. The challenge can translate into a question or as findings, depending on its nature.

In order to help you define the challenges and the strategic orientations of your community, you may ask yourselves the following questions:

- ▶ What is the main strategic concern of the community?
- ▶ What are the possible avenues for the community?
- ▶ What were the major changes experienced (positive or negative) over the past few years?

### Example

Following, is a concrete example of a challenge, along with two orientations that are likely to be associated to this challenge:

Challenge	Strategic Orientations
<ul style="list-style-type: none"> <li>▶ Increase in tourism craze, which represents a promising sector for a remote community</li> </ul>	<ul style="list-style-type: none"> <li>▶ Investing in accommodation infrastructures in order to complement the services already provided, considering that the closest facility is presently situated at 200 km away</li> </ul>

Generally speaking, you must find direct links between your diagnostics and your challenges and orientations, by trying to offset the weaknesses, and bank on the strengths of the community.

## 3. Strategic Choices and Objectives

### 3.1 Basic Principles

The second phase of the strategic planning process generally unfolds during a working session, that is, a half day at a minimum. This phase is decisive since the interveners will decide on the future of the community by exploring the different scenarios and by taking into account the strategic challenges. All along the discussions, it is suggested to refer to the findings of the diagnostic in order to consider all the elements in the decision-making.

Therefore, the selection of interveners needs careful consideration at the planning phase of this working session, in order to make sure that all stakeholders are present. The key element for the success of this exercise is to seek a **consensus** when decisions are made, considering that a mobilizing effect required at the phases of implementation will ensue. In order to help with the consensus, you need to base yourself on the values of the community, and bank on the collaboration and commitment of all concerned.

You should expect to find the following points in the planning of this working session:

- (1) Recap of the results on the strategic diagnostic;
- (2) Selection of the economic sectors to be developed;
- (3) Elaboration of the strategic objectives and aims;
- (4) Strategies and projects to prioritize.

## 3.2 Selection of Economic Sectors

First and foremost, a reflection is imperative for each of the economic sectors addressed in the diagnostic phase. This reflection will enable you to determine the activity sectors that are promising for the community. It is important to support the findings of this exercise with written documents that can be summarized in charts:

Economic Sector	Decision (go/no go/status quo)	Justification
▶ Tourism	Status quo (continuation of activities)	▶ Numerous opportunities, poor competition, completed infrastructures
▶ Retail sales – food	▶ No go (Interruption of activities)	▶ Insufficient resources, clientele in decline, opportunity to sell from the store to the private sector
▶ Real Estate	▶ Go (new sector)	▶ Study market favorable, aging population, high profitability

Once again, the justifications are often linked to the strategic diagnostic, and come as a support for your decisions.

## 3.3 Strategic Objectives

Now is the time to elaborate strategic objectives for each of the identified sectors. Normally, there should be one to two strategic objectives per sector that are described in a general context. Also, one objective may apply to several distinctive economic sectors. An **objective** is defined as the combination of advantages that are profitable to the community, if the work and efforts of development are a success. Depending on the nature of the objective, it could be interesting to combine your objective to an aim, with a view to make it more concrete, without, however, making it specific.

Following are questions that could help you in the elaboration of your strategic objectives:

- ▶ What is your goal for continuing to be or becoming a player in this economic sector?
- ▶ In what area is this sector beneficial for the community?
- ▶ In concrete terms, what are the benefits of this sector for the community?

It is also important to document the objectives for each activity sector in order to proceed to an eventual follow-up. You will find here under examples of objectives and aims which could be practical in the preparation of the working session.

Economic Sector	Strategic Objectives	Aims
▶ Tourism	▶ Increase significantly the visibility of a remote community, on a span of two years	▶ Double package sales within the next two years ▶ Double the number of visitors in the community within the next two years
▶ Real Estate	▶ Attain the community's long term financial self-sufficiency	▶ Projects with maximum return on an investment of four years

### 3.4 Strategic Choices and Priority Projects

Following the exploration and exchanges on the possible scenarios, the interveners must make strategic choices for each of the economic sectors. In fact, these strategic choices determine how you will reach your strategic objectives and will guide you in the elaboration of your action plans. One of the factors responsible for the success of this reflection, is making sure that, for a given activity sector, the efforts will be concentrated on a limited number of projects which will generate benefits the most important benefits for the community.

A **measurement indicator** is used to measure the performance to be reached, and is based on the objective. This is why the **objective** needs to be, as much as possible, specific, measurable, reachable and realistic in time (SMART).

The following chart presents an example of a strategic choice for a strategic objective in a targeted economic sector:

Economic Sector	Strategic Objective	Strategic Choice	Specific Objective	Measurement Indicators by Specific Objective
▶ Tourism	▶ Increase significantly the visibility of a remote community, on a span of two years	▶ construction or acquisition of a tourist accommodation project	▶ Offer a complete range of services to increase the annual clientele by 20 % a year	▶ Number of annual visitors

By the end of this working session, you should be in a position to know in which direction the community is heading to by the identification of economic sectors that are advantageous. By the same token, you should be able to know why the community is taking that direction, through the definition of its strategic objectives, and you should be in a position to determine the means that the community will take to reach it, by the selection of its strategic choices and projects.

## 4. Operational Plan and Action Plan

### 4.1 Basic Principles

In regards to the realization phase, one to two working sessions are to be planned. This is where the commitment of the interveners towards the means required for the achievement of the set goals and the attainment of your objectives, will be a determining factor. In fact, **accountability**, **mobilization** and the level of **involvement** on the part of the participants will play an important role in the planning and implementation of your economic development projects.

The deliverable part of this phase is often represented under the form of an action plan. You shall also **prioritize** your actions according to the objectives set during the preceding phases. Generally, the actions that bring on significant impacts should get priority. The allocation of resources must be as optimal as possible, by ensuring that the community possesses the necessary skills to achieve it.

### 4.2 Questionnaire

When planning your actions, you shall question yourself more on the operational plan in order to assess the need for each type of resources. Following, are examples of questions useful in the planning and elaboration of your action plans (consult the complete version of the Handbook for more exhaustive lists of questions:

- ▶ What are the priority projects and actions for the community?
- ▶ Who is responsible for each action?
- ▶ For each action, does the community possess the ability to achieve it internally, or must it call upon external services? What are those services, and for what type of service provider will it be intended for?
- ▶ What is the budget and the timeframe allotted for the implementation of the action?
- ▶ What are the expected results?

### 4.3 Action Plan

An **action plan** is generally constituted by concrete initiatives aimed at implementing the elaborated strategies. The action plan mainly focuses on measurable results and includes different aspects of the planning. At a minimum, it should include the description of the action, the person in charge of the action, the completion schedule, the budget and other allocated resources, as well as the outcome.

Within the scope of the proposed approach, an action plan by economic sector is a reasonable approach and it will facilitate the prioritization of your actions. Yet, it is important to avoid integrating all the actions to be taken until the end of the project. In fact, certain actions will depend on the outcome of the previous phases, which makes it hard to plan and define them at the time of their initial elaboration. This is why it is preferable to update the action plans more frequently, and to add the necessary actions only when they are clearly definable.

Following is an example of an action plan linked to the strategic choice of the tourism sector presented at section 2, more specifically a project for the construction or the acquisition of a tourist accommodation:

Actions	Person in charge	Deadline	Allocations	Expected Result
1) Draft a list of potential sites (for construction) to evaluate	▶ Mrs Y	▶ April 15 2011	▶ N. A.	▶ List including at least 4 sites suitable for a construction site with the description of their characteristics
2) Conduct a cost-benefits analysis and a feasibility study for each option	▶ Mrs Y (for the construction project)	▶ June 30 2011	▶ Budget : \$10,000 (for external help) ▶ 1 full-time resource during 1 month	▶ Detailed analysis for each option
3) Plan a meeting with the Band Council or the Nation Council to discuss and assess the possibilities	▶ Mr. XY	▶ July 31 2011	▶ N. A.	▶ Decision on the continuation of the construction project
4) Hire an external firm to elaborate the business plan and the financial scenarios	▶ Mr. X	▶ December 31 2011	▶ Budget : \$30,000	▶ Completed business plan, including the definition of financial needs and the proposal of a financing plan ▶ Abide by the criteria included in the contract (see details on copy of signed contract)

In this example, since it is difficult to define with precision the subsequent actions which will depend on the decisions taken at phase 4, additional actions could be added to the plan at the time of its update around the month of August 2011, after the meeting scheduled in phase 4.

## 5. Monitoring and Measurement

### 5.1 Basic Principles

The last phase of the strategic planning process is absolutely necessary since it reports on the results of the proposed approach and it outlines the conclusions on the attainment of your objectives as elaborated at section 2. This phase rests essentially with the portfolio holder who will be expected to follow-up with the different interveners involved in the implementation of the strategic choices. These follow-ups will provide him with the necessary information to measure subsequently the attainment of objectives and to update the strategic plans and action plans. There are generally two types of follow-ups: the strategic follow-ups and the operational follow-ups. The **strategic follow-ups are often made within the scope of a meeting where each contributor gives his input on the facts and findings of the past year, while operational follow-ups** are rather conducted through brief meetings or by individual follow-ups.

### 5.2 Strategic Monitoring

Strategic monitoring considers the changing elements and the new elements of the environment that could have a major impact on the orientations and the strategic choices. The strategic monitoring is complementary to the operational monitoring, since the results of the strategic monitoring can sometimes modify the action plans. In fact, if the Band Council or the Nation Council takes the decision to drop a project because of the withdrawal of one of the financial partners (new element of the diagnostic), the action plan of this project will then be greatly impacted, and can even become useless. In unusual circumstances, the result of an action addressed during an operational monitoring may also affect the strategic choices. For example, a market analysis conducted during an operational monitoring may also bring the Band Council of the Nation Council to question itself on its strategic choice.

The strategic monitoring should encourage the interveners to reflect on the following questions:

- ▶ What are the major events that occurred during the past year?
- ▶ Do these events influence the challenges and the strategic orientations of the community? (addition, elimination or modification);
- ▶ Do these events have an impact on the choices and projects of the community? If so, what is it? (interruption, slow down, boost, etc.);
- ▶ Do we still remain in line with the attainment of the anticipated objectives?
- ▶ According to the progress of implementation of the action plans, are there any new important factors which now influence its unfolding? If so, what are they?

The holding of annual or biannual follow-ups is considered as sufficient, but additional monitoring may become necessary, depending on the needs or if major events occur. It then becomes important to update all the working documents affected by the follow-up.

## 5.2.1 Measurement

At your strategic monitoring meeting, you shall revise your aims and your measurement indicators to make sure they are faithful to the reality of your objectives and reflect the anticipated results. When the project is implemented, it is important to measure the attainment of your objectives, in order to determine if the project allowed the community to reach its goal, or if you must identify corrective measures to attain it.

The strategic objectives and the specific objectives associated to your strategic choices are measured at the same frequency as your strategic monitoring. In fact, the strategic follow-up meetings may prove to be a good opportunity to provide you with the missing data required for the update of your measurement indicators. In practical terms, it is easy, quick and effective to present the result of the follow-ups through the use of charts:

Economic Sector	Strategic Objectives	Aims	Measurement Indicator	Base Year	Year 1	Year 2	Anticipated Outcome
Tourism	Increase significantly the visibility of a remote community on a span of two years	Double package sales within the next two years	Number of packages sold/year	120 packages	160 packages	-	240 packages/year
		Double the number of visitors in the community within the next two years	Number of visitors/year	1 000 visitors	2 000 visitors	-	2 000 visitors/year

Economic Sector	Strategic Choice	Objectives Specific to the Project	Measurement Indicator	Base Year	Year 1	Gap	Anticipated final result
Tourism	Project of construction or acquisition of a tourist accommodation	Increase tourism revenues by 15 % a year over a 3 year span	Increase of economic spin-offs in tourism (in %)	500 000 \$	700 000 \$ = an increase of 40 %	+ 25 %	Revenues de 760 000 \$ after 3 years
		Create 10 new recurring jobs in the community	Number of new recurring jobs	0	6	-4	10 new recurring jobs

## 5.3 Operational Monitoring

The operational monitoring is much more frequent than the strategic monitoring, since it is conducted generally on a regular monthly or quarterly basis, depending on the schedules of the action plans. The primary objective of the operational monitoring is to make sure the action plans are respected. More precisely, the portfolio holder does a follow-up with the person in charge of the concerned actions, with a view to determine if the actions are implemented within the prescribed delays by respecting the allocated resources, and to further determine if the anticipated results will be attained. These follow-ups may be conducted during meetings, or via the phone or by emails. The action plans must then be updated in such a way as to reflect the evolution of the project, considering that it is an information tool for all the contributors involved. However, when actions require a significant change, it is important that the information be communicated, because certain actions have direct repercussions on the subsequent actions.

### 5.3.1 Measurement

The success of an action plan may be assessed comprehensively, by basing yourself on the performance of each action. For any given action, the deadline, the allocations and the anticipated outcome all represent objectives, while the progress level of the works, the utilization level of allocations and the real result, act as measurement indicators to assess the performance of the action. The operational monitoring helps measure the attainment of objectives.

Following, is an example to assess an action:

Action	Person in Charge	Deadline	% of Work Progress	Allocations	Spent Allocations	Anticipated Outcome	Actual Result
Conduct a market study to identify the need and the potential for a project of construction or acquisition of a tourist accommodation	Mr. X	June 30 2011	100 % as of May 30 2011	Allocated budget : \$5,000	Spent budget: \$8,000	Report of the market study, including a positive conclusion regarding the project	Study report is received; positive findings regarding the project

Concerning the anticipated outcome, it should be noted that the said outcome will gain by being clear and detailed; it will be much easier to assess the actual result.

## 6. Practical Tips

### 6.1 The Role of the Portfolio Holder

Before undertaking any strategic planning process, a portfolio holder must be appointed in each community. The portfolio holder can be the community economic development representative, or any other resource person playing an important role in economic development. The portfolio holder will see mainly to the smooth unfolding of the process and to the implementation of the approach.

In essence, he will be assuming the following responsibilities :

- ▶ Planning and preparation of meetings;
- ▶ Management of working documents and the deliverables;
- ▶ Execution of appropriate monitoring as stated in section 4;
- ▶ Coordination of the mobilization and involvement of the team;
- ▶ Supervision of the team and assignment of individual tasks;

- ▶ Facilitate the meeting, if required.

However, for the purposes of adaptation to the context of your community, this function may be assigned to more than one person, or you may call upon external help to support you in the intervention.

The greatest quality of a good portfolio holder is its leadership. In fact, the portfolio holder must be in a position to gather the interveners, to foster a context of exchange and mobilization towards common objectives. Without personally taking over all the leadership, the portfolio holder forges links of collaboration within the community.

## 6.2 Team Composition

The interveners who are invited to participate in the strategic planning process come as a support to the portfolio holder in the approach, and represent important sources of information required at each phase. The team may be formed of different players, but there should be at least one representative from each sector of the community. It is also vital that the parties who have an influence in the economic decisions of the community take part in the process. The size of the team shall vary according to the context, the structure and the decisional mechanisms of your community. Yet, an oversized team could slow down the strategic planning significantly and jeopardize its success. This is why you must examine the pertinence and the contribution of each intervener.

Upon formation of the team, every person must understand its role and the reason why he is being approached within the framework of this initiative. The expectations towards each intervener must be defined in order to avoid any confusion, and to secure the commitment of everyone concerned, which constitutes the primary key factor of success of the process.

## 6.3 Preparations

The strategic planning includes several phases, and it is important to be well prepared. A good level of preparation requires time, but it will make the intervention easier.

Following are some recommendations to consider during your preparation process:

- ▶ **Plan** your meetings ahead of time and at a proper time so that the interveners may plan their time;
- ▶ Prepare an **agenda** listing discussion item. An example of agenda is provided for information only in the complete version of the Handbook;
- ▶ **Develop** or adapt the **working documents** prior to the meeting, in order to save precious time. Also, your templates will help you identify which information you should focus on. Templates and working documents are provided at **Appendix 4** of the complete version of the Handbook;
- ▶ If the team interveners have specific works to do prior to the meetings, it will be important to inform them accordingly, so that they are **provided with the necessary tools** and **given enough time for the execution of the works**. Draft questionnaires, which can be adapted to the realities of your community, are provided in **Appendix 3** of the complete version of the Handbook.

## 6.4 Facilitating a Meeting

You shall identify an animator who normally assumes a role of facilitator during the discussions, one that does not take part in the exchanges. The facilitator is not necessarily the portfolio holder, but he will certainly be expected to work in unison with the latter for the preparation phase. The role of the facilitator is to:

- ▶ Encourage every participant to give his point of view;
- ▶ Abide by the agenda and meet the objectives of the meeting;
- ▶ Ensure a smooth unfolding of the meeting and make sure the established rules of communication are respected;
- ▶ Make sure no judgments are passed;
- ▶ Encourage exchanges, and lead the interveners towards a consensus when a decision-making is required;
- ▶ Ask appropriate questions.

Practical tips to be applied during meetings are presented in the complete version of the Handbook, at section 6.4.