

DECALOGY OF COOPERATIVES MANAGEMENT

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**MANUAL ON STRATEGIC  
PLANNING PROCESS  
FOR COOPERATIVES**

## **ABSTRACT**

The Manual begins the process of strategizing by clearly stating the end in mind which is articulated in the Vision and Mission statements, Objectives, Key Result Areas and Performance Indicators (VMOKRAPI). It is followed by the External Assessment (EA) and the Internal Assessment (IA) which situate the strategizing organization. Finally, the process ends by determining the best Strategies (S), Programs (P), Activities (A) and Tasks (T) to accomplish the VMOKRAPI and harnessing the Resources (RES) required to carry out the strategies formulated (SPATRES). Thus, the mantra used by many learners of this strategizing model developed by Dr. Morató is VMOKRAPI-SPATRES.

# ACKNOWLEDGEMENT

This manual was written by **Evelyn A. Morato**, under the supervision of **Dr. Eduardo A. Morato, Jr.**, Chairman and President, Bayan Academy for Social Entrepreneurship and Human Resource Development, Inc. The authors acknowledge with much gratitude the assistance of Charmaine L. Pineda and Nhika V. Advincula. This is part of the NATCCO Knowledge Resource Center Project from April 2018 to May 2019. Copyright 2019.

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## I. FOREWORD

This Manual on Strategic Planning Process for Cooperatives was commissioned by the National Confederation of Cooperatives (NATCCO) to the Bayan Academy for Social Entrepreneurship and Human Resource Development as part of its efforts to establish a Knowledge Resource Center that would benefit member as well as non-member cooperatives of the federation. The Manual was essentially adapted from three publications of Dr. Eduardo A. Morató, Jr. (Strategic Planning and Management, 2006, A Manual on Strategic Planning, 2019, Strategic Planning and Management for the Department of Education, 2013.) The Manual can serve as a guide for any cooperative who wishes to embark on a strategic planning process using the Sequential, Rational and Analytical Strategy approach that is grounded on evidence presented by a good external assessment of the environment as well as a thorough internal assessment of the strategizing cooperative. The Manual begins the process of strategizing by clearly stating the end in mind which is articulated in the Vision and Mission statements, Objectives, Key Result Areas and Performance Indicators (VMOKRAPI). It is followed by the External Assessment (EA) and the Internal Assessment (IA) which situate the strategizing organization. Finally, the process ends by determining the best Strategies (S), Programs (P), Activities (A) and Tasks (T) to accomplish the VMOKRAPI and harnessing the Resources (RES) required to carry out the strategies formulated (SPATRES). Thus, the mantra used by many learners of this strategizing model developed by Dr. Morató is VMOKRAPI-SPATRES.

The Manual can also serve as a learning material for teaching strategic planning and management at the tertiary and post graduate academic levels but may also be used by consultants and facilitators who have been contracted by cooperatives to conduct strategic planning for them. The Manual has been written to guide learners through a step-by-step process that includes case examples such as those written by Raul Calayan, Chief Operating Officer of NATCCO and the case writers of Bayan Academy and Bayan EDGE (Enterprise Developers, Growers and Evolvers). The Manual can also be adopted and adapted by organizations other than cooperatives because the strategic planning process would be the same, only the case examples would be different.

# MANUAL ON STRATEGIC PLANNING PROCESS FOR COOPERATIVES

This manual on strategic planning is being written for cooperatives that wish to follow a systematic, step-by-step approach to getting where it wants to go and how it wants to get there. There are, of course, various strategic approaches to reach a goal or destination. Some cooperatives take opportunities as they come, assess the risks attendant to these opportunities and make decisions according to certain criteria set or values preferred. This is the incremental or adaptive strategy approach. Other cooperatives take a more ideological strategy approach, like some religious and political organizations. They create a common set of beliefs and glorified vision for the cooperative and prescribe ways of realizing that vision in a very dogmatic or doctrinal manner. Still others pursue their vision through the creative strategy approach using innovative, lateral or intuitive thinking. This manual is not about these other strategic processes. This manual takes on a sequential, logical and rational strategy approach using the traditional faculties ascribed to the “left brain.”

## What is Strategic Planning?

Strategic planning is a must for purposeful cooperatives seeking more effective ways of attaining chosen goals. It defines clearly what the cooperative wants, what it is all about, who it wishes to serve, what it intends to get out of its efforts and how specifically it should move over time. It is not a knee-jerk response to immediate stimuli. It is not concerned with day-to-day activities or short-term fluctuations in the environmental conditions where the cooperative is situated. It is not an annual budgeting exercise, not a justification of what the cooperative is doing, not pipe-dreaming about unreachable visions and not the mere matching of strategies with competitive or similar institutions. It is not a statement of optimistic aspirations and vague notions of achieving them nor a resigned acceptance of how things are. It is not a bunch of ideas voiced by top management nor an aggrupation of separate tasks assigned.

Strategic planning takes a longer-term perspective established by a cooperative to guide its decisions. It is a set of governing principles, which, put together, would produce the best result-to-effort, outcome-to-task, and output-to-input ratios. It is the determination of the most efficacious means by which a cooperative can achieve its ends, given the resources it can muster and conditions it must operate in. It is concerned with the choice of preferred members for the cooperative. It is concerned with the major mobilization and deployment of resources. It is concerned with the identification of specific key result areas which proceed from the vision, mission, and objectives of the cooperative.

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It puts together mutually reinforcing programs, activities and tasks emanating from the strategy that are consistent with the people doing those programs, activities and tasks, the structures adopted by management and the systems employed by the organization. It enables the cooperative to work closely together and rally behind a common cause. The strategy's rationale must be understood and accepted by all decision-makers and field doers. It must be workable and feasible.

A good strategic plan must, therefore, contain the fourteen "Fs" to be effective.

## Fourteen F's of Effective Strategies

Good strategies must:

1. Be **Fundamentally** Sound and Correct. This means it must be anchored on the realities of the environment or situation the cooperative is in. It must recognize major trends and directions in this environment. It must take account of what the organization can do and cannot do, what it has and does not have.
2. Have **Foresight**. It must be able to determine the most likely future scenario in order to properly position the cooperative.
3. Take a **Favored** Course of Action. The implementors of the strategy must believe strongly in what they are doing based on fundamental values and governing philosophies. Otherwise, their motivation level would be low. They must actually identify with their strategy based on their vision, mission, values and philosophies.
4. **Focus** Efforts on a **Few** but Critical Activities. Effective strategies are rifle shots at a chosen target, not shotgun blasts that scatter the resources of the cooperative. They choose the few things that would make a big difference.
5. Have **Force** behind the Chosen Few Things. Cooperatives must put their full force and major resources behind the strategies taken. They must "put their money where their mouth is."
6. **Follow Through**. A golfer or tennis player knows that hitting the ball is not enough. There must be a complete swing that directs the ball to its chosen destination. The whole cooperative must move to support its major thrust all the way to final acceptance by and satisfaction of its client system.
7. Have a **Fit** between and among its Vision-Mission-Objectives and its Strategies, People and Organization. There must be consistency among the type of people operating within certain organizational structures and systems, the defined objectives, and the chosen strategies, programs activities and tasks of the cooperative organization. Avoid mismatches.
8. Have a **Finite** Time Frame. Unreachable stars have less motivating power than realizable objectives within finite time frames of five to ten years.
9. Be **Feasible**. This means that strategies must be doable by the cooperative. It must work out in the field and produce good benefit-cost relationships.
10. Take a **Full** and Wholistic Approach. Compartmentalized approaches lead to partial solutions that often lead to greater problems. Cooperatives must look at

the full implications of relationships among variables in order to reinforce rather than cancel each other out.

11. Get correct **Feedback** through Good Monitoring and Evaluation Systems. Every action produces a reaction and this reaction must be monitored closely and assessed as to whether it is moving towards the desired objectives.
12. Be **Felt** with Sufficient Impact by the Intended Targets. Cooperatives tend to forget the very purpose of their strategy which is to positively affect the lives of the members they are serving. Strategies must, therefore, translate into felt impact by the members and the customers of the cooperative.
13. Be **Flexible** Depending on Environmental Changes. The assumptions governing strategies chosen may change overtime. Hence, there is a need to modify, alter or overhaul strategies in the face of environmental changes.
14. Be **Final** Results Oriented. At the end of the day, the cooperative must be responsible for its intended results and be accountable to the members and the cooperative customers for such results. They should not concentrate on inputs or tasks only but should make sure that these inputs or resources lead to the desired outputs and outcomes.

## The Strategic Planning Process

Good strategic planning operates at two levels. The first one is from the top where the strategist draws a clear picture of where it wants to go (a vision) and establishes the purpose for being of the cooperative (the mission statement). From the vision and mission, the strategist develops objectives which are measurable end-results that determine whether the cooperative is getting closer or farther from the vision or ultimate goal. The strategist must, at this point, define what are the key result areas (KRAs) which manifest that the objectives are being achieved and how these KRAs translate into specific performance indicators (PIs) that can be monitored and evaluated.

The second is from the bottom up where the strategist grounds the cooperative according to the realities of the environment it operates in. There are two grounding environments: (1) the external environment which is the macro-environment, the area, industry or sector affecting or being affected by the cooperative; and the market or micro-market being served by the cooperative and, (2) the internal environment which is composed of the resources, manpower, capabilities and constraints of the cooperative itself. The strategist must be able to determine the opportunities and threats in the external environment in relation to its vision, mission and objectives. The strategist must also emphasize the strengths and weaknesses of the cooperative according to the same vision, mission and objectives. Refer to Figure 1 for Top-down and Bottom Up Planning Framework.



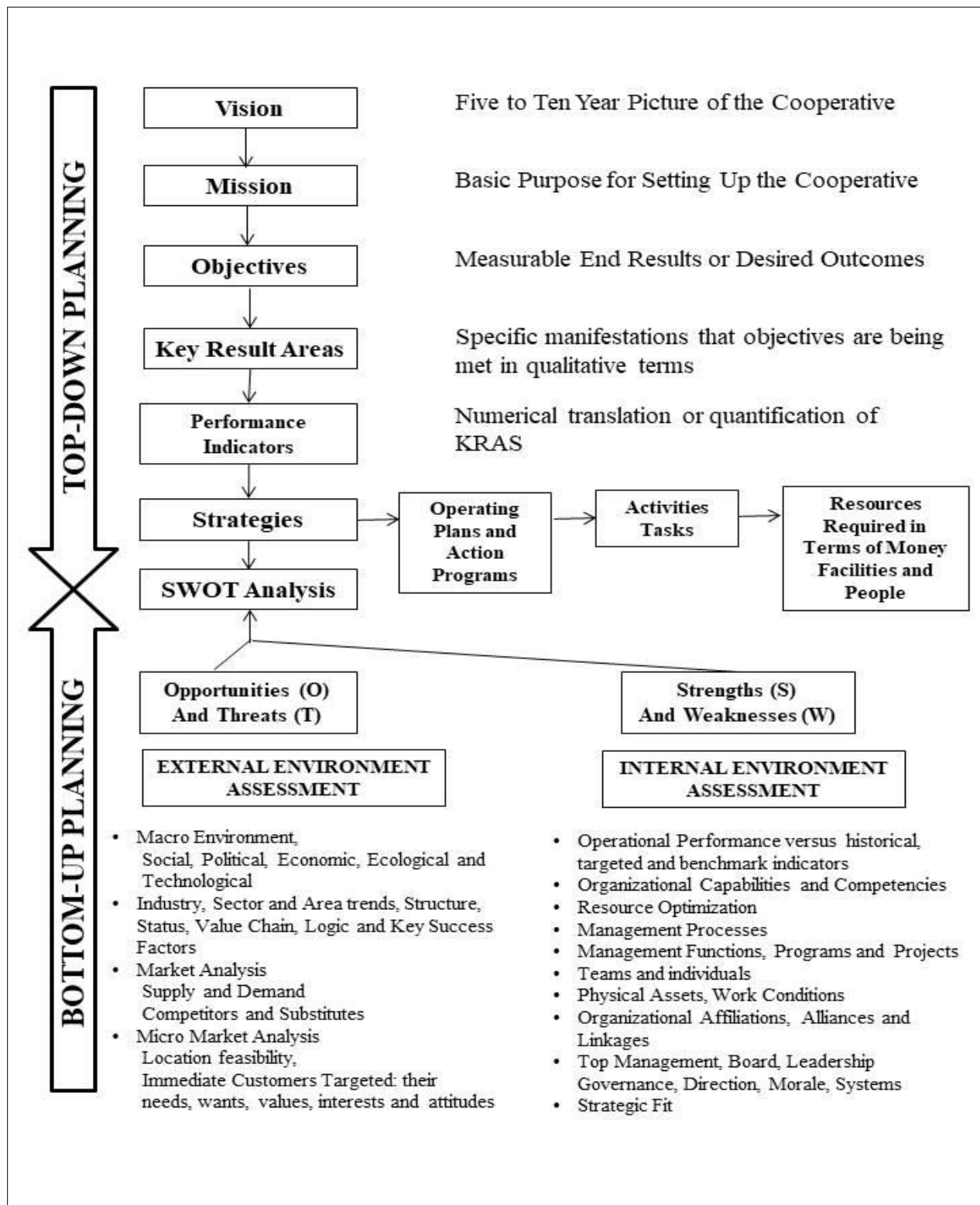


Figure 1. Strategic Planning Framework Using Top-Down Planning (from Vision to Strategies) and Bottom-Up Planning (From EA, IA and SWOT to Strategies)

## PART I. VISION, MISSION, OBJECTIVES, KRAs AND PERFORMANCE INDICATORS

### VISION

A vision is an ideal state or condition which an organization wants to attain. It should not be too idealized, however, as to lose all meaning. A vision is an end scenario that could be achieved after successive stages of intermediate scenarios. It is better to describe and picture the vision in vivid terms.

#### **Sample Vision Statements for a cooperative:**

Cooperative 1: The preferred, unique leading cooperative providing competitive and reliable financial services to its members.

Cooperative 2: Healthy farms, healthy food

Cooperative 3: The leading cooperative in the region.

While eternal vision statements sound lofty (e.g. a community without poverty), it might take forever to achieve. It is better to put a time frame on a vision statement for management purposes (e.g. By the year x, the cooperative would have attained...).

### **EXERCISE 1**

Craft your own Vision Statement. Explain the Vision Statement.