MyStrategicPlan Training:

Setting Strategic Objectives and Goal Cascading

Welcome!

Purpose & Ground Rules

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Special topic training on the strategic planning process</th>
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<tbody>
<tr>
<td>Duration</td>
<td>45-60 minutes</td>
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<tr>
<td>Your Role</td>
<td>Please ask you questions by entering them into the “Chat Box” section and we will answer them. Also, if you have an experience / insight to share related to today’s training, please write us a note in the “Chat Box” section.</td>
</tr>
<tr>
<td>Details</td>
<td>Session is be offered again in the future and is recorded and posted for viewing at your convenience.</td>
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About Us

- In the past three years we have...
- Managed 100+ strategic planning processes
- Deployed 800+ strategic management systems (MyStrategicPlan, MyNonprofitPlan, MyChurchPlan)
- Built consensus and commitment with 3,000+ executives, managers, boards
- Empowered 1 million+ strategists & soon-to-be strategists

Agenda

I. Setting Strategic Objectives: What is a strategic objective? How do they fit into my organization’s strategic plan?

II. Goal Cascading: Goal cascading is part of driving accountability from strategy to daily action. What are the tips to doing it correctly?

III. SMART Goals: How do you write goals that will drive action and produce results?

IV. Measures and Targets that Matter

V. Tap into the Wisdom of the Crowd: Your experiences, insights and questions (Time Permitting)
What is a strategic objective? How do they fit into my organization’s strategic plan?

SETTING STRATEGIC OBJECTIVES

Strategic Objectives

Strategic Objectives are long-term, broad categories, non-measurable, continuous.

Objectives answer the questions:
- In what areas will we **continue being actively involved** in for the next 5+ years?
- What areas do we **need to be involved in** to reach our **vision**?
- What areas do we **need to be involved in** to accomplish our **mission**?
What organizations need to be strategic...

Finance
Revenue and Expenses

Customer
Acquire, Retain, Service

Internal Processes
Operations, IT, Marketing, Sales, PR, Financial, Innovation

People & Learning
Hire, Retain, Train, Culture

Four strategic questions

1. What are our shareholders or stakeholders expectations for our financial performance or social outcomes?
2. To reach our outcomes, what value must we provide to our customers? What is our value proposition?
3. To provide value, what process must we excel at to deliver our products and services?
4. To drive our processes, what skills, capabilities and organizational structure must we have?
Financial Perspective

What are our shareholders or stakeholders expectations for our financial performance or social outcomes?

Revenue Generation:
- Increase recurring revenue ...
- Shift revenue mix majority of product sales to service sales.
- Capitalization of business

Profitability:
- Maintain expenses at ___%.
- Maintain margins at ___%.

Market Growth Perspective

To reach our outcomes, what value must we provide to our customers? What is our value proposition?

Current Customer Management:
- Increase loyalty, customer satisfaction, referral volume
- Improve customer service by ...
- Get closer to our customer’s needs by ...

New Customer Acquisition:
- Market penetration
- Market development
- Product/service development
Process Excellence Perspective

To provide value, what process must we excel at to deliver our products and services?

Vendor/Supply Chain Management:
- Increase number of preferred suppliers
- Diversify our production facilities
- Improve our relationships with preferred vendors by ...

Operations Management and Technology Management:
- Process improvement goals
- Systems goals

Marketing and Sales Management:
- Improve or institute a sales process, increase close rate, increase lead generation
- Improve brand management through consistent use of...

People Excellence Perspective

To drive our processes, what skills, capabilities and organizational structure must we have?

Human Relationship Management:
- Hire and onboarding processes
- Retention processes
- Skills and capabilities
- The right organizational structure

Knowledge Management:
- Structured training (sales, IT, management, ownership)
- Knowledge transfer

Culture:
- Accountability
- Ownership attitude
- Living our values
Goal cascading is part of driving accountability from strategy to daily action. What are the tips to doing it correctly?

CASCADING GOALS

Strategic Plan Framework

- Vision: Where?
- Mission, Values: Why?
- Long-Term Strategic Objectives: What?
- Annual Organization-wide Goals (Measures, Targets): What?
- Department Goals: How?
- Individual Goals/Actions: How?
Cascading Goals to Departments and Team Members

<table>
<thead>
<tr>
<th>Number</th>
<th>Level</th>
<th>Who is responsible</th>
<th>Time Frame</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Long-Term Strategic Objective</td>
<td>Not assigned – far reaching and very broad</td>
<td>3-5 years</td>
</tr>
<tr>
<td>1.1</td>
<td>Organizational Goal</td>
<td>Organization-wide – not assigned</td>
<td>18-24 months</td>
</tr>
<tr>
<td>1.1.1</td>
<td>Department Goal</td>
<td>Assigned to Department responsible for seeing this goal completed.</td>
<td>12-18 months</td>
</tr>
<tr>
<td>1.1.1.1</td>
<td>Team Member Goal</td>
<td>Assigned to Team Member responsible for seeing this goal completed.</td>
<td>6-12 months</td>
</tr>
<tr>
<td>1.1.1.1.1</td>
<td>Team Member Action</td>
<td>Assigned to Team Member responsible for seeing this action completed. Short term items only.</td>
<td>30, 60, 90 days</td>
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Example of cascading goals:

1. Increase new customer base. (Strategic Objective)
   1.1 Reach a 15% annual increase in new customers. (Due annually for 2 years) (Organization-wide Goal)
     1.1.1 Implement marketing campaign to draw in new markets. (due in 12 months) (Dept Goal)
       1.1.1.1 Research the opportunities in new markets that we could expand into. (Team Member Goal) (due in 6 months)
       1.1.1.1.1 Complete a competitive analysis study of our current and prospective markets. (due in 60 days) (Team Member Action )
     1.1.1.2 Develop campaign material for new markets. (due in 10 months)
       1.1.1.2.1 Research marketing methods best for reaching the new markets. (due in 8 months)
How do you write goals that will drive action and produce results?

**SMART GOALS**

Think **S.M.A.R.T.** when you create your Goals

- Provide direction, clarity and momentum to achieving a vision
- Communicate the outcome (Why)
- Be clear about ownership/accountability
- Clear and simple
- To (action verb) (single key result) by (target date) requiring (resources).

*Goals are dreams with deadlines.*

- Diana Scharf Hunt
**Specific**

- Provide a description of what needs to be accomplished
- Needs to be understood by everyone
- Addresses the following:
  - Who will be involved
  - What will be accomplished
  - Where will it get done
  - When is it to be done

**Measureable**

- Stated in *quantifiable terms*, or otherwise they’re only good intentions
- Measurable goals *facilitate management planning, implementation, and control*
- Provide a clear understanding when the goal has been reached
  - *How much? How many?*
SMART Goals

Attainable

- **Provide a stretch** that inspires people to **aim higher**.
- Goals must be realistic and achievable, or they’re a set-up for failure.
- Set goals that you know can **realistically be reached**- but not easy.
- Must have the right resources assigned to it to accomplish it.
- Should allow for some flexibility.

SMART Goals

Responsible

- Goals must be **assigned to a person or a department.**
- Department / Person assigned to a goal are not solely responsible for its achievement, they are the ones held accountable for making sure it is completed.
- Responsible person is accountable and equipped for accomplishing the goal.
SMART Goals

**Time-Bound**

- Must *include a timeline* of when your goals should be accomplished
- Start and end point
- Intermediate points if it is a long term goal
- Limit time, but reasonable

SMART Goals

So what’s the difference between a “SMART” goal and an “UnSMART” goal

- **Un-SMART Goal:**
  
  We want to make more sprockets.

- **SMART Goal:**
  
  The sprocket department will raise sprocket production by 20% by the end of this year.

*If a man knows not what harbor he seeks, any wind is the right wind.*
In Business, goal setting that is **S.M.A.R.T.** can make a huge difference in maintaining growth and momentum. Whether you run a modest department or a massive corporation, make sure that you **always make an effort to add these properties** to the goals you set!

**MEASURES AND TARGETS THAT MATTER**
Measurements

Moving from Outputs to Outcomes

• What is the result or outcome of achieving the goal?
• Why are we working on this goal?
• How will we know we have accomplished the goal?
• What do we expect to see different as a result of accomplishing this activity/project?

Good Performance Measures:

• Provide a way to see if our strategy is working
• Focus employees', managers’ and board’s attention on what matters most to success
• Provide for employee development so as to empower the team
• Should provide common and understandable language for communicating to others
• Are valid and realistic, to ensure measurement of the right things
• Are verifiable, to ensure accurate data
Types of Measures

• **Efficiency Measures** - Productivity and cost effectiveness measured as ratio of outputs per inputs
  (turnaround time per application processed; # of students graduating to number of students enrolled)

• **Outcomes Measures** - End result of whether services meet proposed targets/standards, and demonstrate impact and benefit of activities
  (% increase in Internships; Application to Enrolled Yield Rate)

• **Quality Measures** – Measure effectiveness of expectations and generally show improvement in accuracy, reliability, courtesy, competence, responsiveness, compliance
  (# audits with no findings or within a range of accuracy)

• **Project Measures** – Progress against an initiative that has a terminus. Usual % complete.

Developing your Performance Measures

• Identify the right measures
• Establish increments that mesh with the targets
• Identify the data source
• Identify the frequency
### Developing your Performance Measures

Increase number of new customers.

*Or:*

Reach a 15% annual increase in new customers by end of year 2012.

**Measure:** % increase in new customers  
**Target:** 15%  
**End Date:** 12/31/2012
Upcoming Trainings

**Strategic Planning 101**  
Oct 19th | 12 p.m. P.T.

**Strategy Huddle™**  
Oct 26th | 9 a.m. P.T.

**Execution, Execution, Execution**  
Oct 27th | 12 p.m. P.T.

**Setting Strategic Objectives and Cascading Goals**  
Nov 9th | 9 a.m. P.T.

Wisdom of the Crowd

Any insights you would like to share related to one of today’s topics?

Any questions about what we covered today?
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