Goal Setting:
Creates a Future

OnStrategy

OnStrategy

ONSTRATEGY TRAINING

SETTING STRATEGIC
OBJECTIVES AND
CASCADING GOALS

ONSTRATEGY BY THE NUMBERS

In the past three years we have...

- Managed 100+ strategic planning processes
- Deployed 800+ strategic management systems
- Built consensus and commitment with 3,000+ executives, managers, boards
- Empowered 1 million+ strategists & soon-to-be strategists

We love what we do!

OnStrategy

ONSTRATEGY OVERVIEW

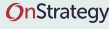**Create Strategy Faster(er)**   **Empower the Team**   **Manage Execution**

OnStrategy

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**

*On*Strategy

What are Strategic Objectives?

SETTING STRATEGIC OBJECTIVES

WHAT ORGANIZATIONS NEED TO BE STRATEGIC…

Financial
Revenue and Expenses

Customer
Acquire, Retain, Service

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

People & Learning
Hire, Retain, Train, Culture

OnStrategy

LONG-TERM STRATEGIC OBJECTIVES OVERVIEW

What must we focus on to achieve our vision?

What are the "big rocks"?

Definition:
Long-term, broad, continuous statements that holistically address all areas of your organization.

Outcome:
Framework for your plan – no more than 6

OnStrategy

STRATEGIC OBJECTIVES DEFINITION IN DETAIL

Long-term, broad, continuous statements that address all areas of your organization. If you have a five-year vision, these would be three- to four-year intermediate guideposts on the way there.

- 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**?

OnStrategy

QUESTIONS TO ASK

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?

OnStrategy

EXAMPLES

Financial:
- Establish a financially stable and profitable company.

Customer:
- Introduce current products to two new markets.

Internal Processes:
- Achieve order fulfillment excellence through on-line process improvement.

People & Learning:
- Provide employees with challenging and rewarding work.

OnStrategy

Driving Accountability From Strategy to Daily Action

CASCADING GOALS

CONSISTENT, ALIGNED PLANS STARTS AT THE TOP

Vision — Where?

Mission, Values — Why?

Strategies & Long-Term Strategic Objectives — What?

Annual Goals — What-Outcome?

Department Goals — How-Output?

Individual Goals & Actions — How?

OnStrategy

GOAL CASCADING: HOW TO EFFECTIVELY CASCADE & WHY IT MATTERS

Organization Level:
CEO Goals

Dept. Level:
Department Goals

Team Level:
Manager Goals

🚫 No cascading, no coordinated action. No coordinated action, no results.

*On*Strategy

GOAL CASCADING

Number	Level	Who is responsible	Time Frame
1	Long-Term Strategic Objective	Not assigned – far reaching and very broad	3-5 years
1.1	Corporate Goal	Corporate-wide – not assigned **Must have Target and Measure (KPI)**	18-24 months
1.1.1	Department Goal	Assigned to Department responsible for seeing this goal completed. **Must have Target & Measure**	12-18 months
1.1.1.1	Team Member Goal	Assigned to Team Member responsible for seeing this goal completed. **Must have Target & Measure**	6-12 months
1.1.1.1.1	Team Member Action	Assigned to Team Member responsible for seeing this action completed. Short term items only. **Must have Target & Measure**	30, 60, 90 days

*On*Strategy

CASCADING GOALS THROUGH ORG.

1   Increase new customer base.

  1.1 Reach a 15% annual increase in new customers by 2012. (Due annually for 2 years)

   1.1.1 Implement marketing campaign to draw in new markets. (Marketing, due in 12 months)

      1.1.1.1. *Research the opportunities in new markets that we could expand into. (Doug (Marketing), due in 6 months)*

        1.1.1.1.1 Complete a competitive analysis study of our current and prospective markets. (Doug (Marketing), due in 60 days)

      1.1.1.2 *Develop campaign material for new markets. (Mary (Marketing), due in 10 months)*

        1.1.1.2.1 Research marketing methods best for reaching the new markets. (Mary-Marketing),due in 8 months)

OnStrategy

Writing Goals to Drive Action and Produce Results

DEVELOPING SMART GOALS

THE ANATOMY OF A GOOD GOAL

(Action verb) +
(single key result – from X to Y) +
(purpose – why) through
(explain how if the clarity is
necessary) by when (target date).

OnStrategy

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

OnStrategy

EXAMPLES

Financial 1-Year Goals:

- Increase our billable hours by 10% over the next 12 months. (Measure: # billable hours / Target: 1.2%)

- Achieve sales growth of 10% per year. (Measure: Monthly sales / Target: 1.2%)

Customer 1-Year Goals:

- Realize 10% of the company's annual sales from the small business market by end of the next year. (Measure: # of small business clients / Target: 100)

- Reach a 15% annual increase in new customers by end of year 2012. (Measure: % increase in new customers / Target: 15%)

OnStrategy

EXAMPLES

Internal Processes 1-Year Goals:

- Reduce the time lapse between order data and delivery from 6 days to 4 days by this June. (Measure: # of days to process each order / Target: 4 days)

- Reduce the number of returns due to shipping errors from 3% to 2%. (Measure: # of returns due to shipping errors / Target: 2%)

People & Learning 1-Year Goals:

- Reduce turnover among sales managers by 10% by the end of the year. (Measure: Employee turnover / Target: 10%)

- Hire and train a human relations director by the end of the year. (Measure: Director hired / Target: 100%)

OnStrategy

SO WHAT'S THE DIFFERENCE BETWEEN A "SMART" GOAL AND AN "UNSMART" GOAL?

How do we make this SMART?

- Un-SMART Goal:

  We want to increase Sierra Technology's income 20%

- SMART Goal:

  Increase Sierra Technology's income to $120 M by Jan. 2013.

  Increase S. T. revenue by 20% by increasing 3 new $1M level customers by Dec. 15, 2012.

  If a man knows not what harbor he seeks, any wind is the right wind.

OnStrategy

HOW DO WE IMPROVE THESE GOALS?

1. Improve productivity of receiving clerks.
   - Improve productivity of our receiving clerks by improving their typing speed by 3 WPM each month until they reach 60 WPM.
2. Improve customer service outcomes in CSM dept.
   - Reduce the number of service calls which last over 15 minutes to under 6 per day. (or)
   - Increase the number of service calls per agent by reducing the number of services calls, which last over 10 minutes to under 5 per day.
3. Complete strategic plan for our company.
   - Complete the Sierra Technology S.P. by Dec. 2011.

OnStrategy

EVALUATION-DID WE GET IT RIGHT?

- Are all of your goals SMART: specific, measurable, attainable, responsible, and time-bound?

- Do the goals spell out the outcome you are seeking?

- Do all of your goals have start and end dates?

- Is the measure and target for each goal clear enough to stand on its own?

*On*Strategy

How You Know if you are Moving in the Right Direction

MEASURES AND TARGETS THAT MATTER

MOVING FROM OUTPUTS TO OUTCOMES

- What is the result or outcome of achieving the objective?

- Why are we working on this objective?

- How will we know we have accomplished the objective?

- What do we expect to see different as a result of accomplishing this activity/project?

*O*nStrategy

GOOD PERFORMANCE MEASURES

- Provide a way to see if our strategy is working

- Focus staff's attention on what matters most to success

- 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

*O*nStrategy

TYPES OF MEASURES
OUTPUT VS. OUTCOME

Project Measure – Progress against a project or initiative that has a terminus (i.e. stoplight status).

✓ Usually % complete

% report developed

Process Measures – Measures activities and processes such as cycle time, frequency, error rate or process-specific metrics.

✓ Frequency of events

✓ Number of trainings

# of sales meetings

*Ͻ*nStrategy

TYPES OF MEASURES
OUTPUT VS. OUTCOME

Outcome Measure (Quantitative) - End result of whether initiatives meet proposed targets/standards, and demonstrate impact and benefit to the business.

✓ Cumulative impact as result of educational services

✓ Graduation rate, test scores, attendance, etc.

DM % of sales

% increase email file growth

Key Performance Indicator (KPI) - Metric and non-metric measurements *essential* to the completion of an organization's goals.

• Each organization narrows the possible list down to a manageable group of KPIs that make the most difference to performance.

• KPIs are linked to Goals/Initiatives.

$ global environmental giving

*Ͻ*nStrategy

DEVELOPING YOUR PERFORMANCE MEASURES

Improve processes on Mobile Health Van utilizing the St. Elves methodology as demonstrated by an increase in patient volume.

Or:

Increase in patient volume in 2013 through implementing the St. Elves patient workflow methodology for the Mobile Health Van.

Source: Mobile Health Van patient volume report

Measure: Patients seen per day

Target: 10% over last year (Current 85/day) or 93.

End Date: 12/31/2013

OnStrategy

EVALUATION-DID WE GET IT RIGHT?

- Have you identified three to five indicators that will provide an ongoing assessment of your progress?
- Are the indicators you selected as KPIs truly "key" and track outcomes not just outputs?
- Is the measure and target for each goal clear enough to stand on its own?
- Is the associated measure and target something you can measure monthly and will you be able to see movement?

OnStrategy

GET EXPERTISE WHEN YOU NEED IT
ONE-ON-ONE GUIDANCE FOR THOSE TROUBLE SPOTS IN YOUR PLANNING

mystrategicplan.com/strategic-planning-consulting

Quick Start Coach

Strategy Support

Strategic Plan Review

Customer / Employee Surveys

Plan Set-Up

Execution Workshop

OnStrategy

UPCOMING TRAININGS

- **Strategic Planning 101**
  April 16 | 12 p.m. PT

- **Execution, Execution, Execution**
  April 23 | 9 a.m. PT

- **Setting Strategic Objectives and Cascading Goals**
  May 14 | 12 p.m. PT

OnStrategy

To view one of our latest white papers titled,

"Are Your SMART Goals Dumb?"

Go to:

http://mystrategicplan.com/goal-writing-the-right-way/

*On*Strategy

CONTACT INFORMATION

OnStrategy

465 Court Street

Reno, Nevada 89501

(775) 747-7407 ph

admin@OnStrategyHQ.com

Our office hours are Mon-Fri 9am-5pm (PT).

*On*Strategy