

OnStrategy

SESSION #4: BUILDING YOUR PLAN PART 1

PHASE 3: BUILD THE PLAN

Our Strategy Management Process

Impact

Engage. Inspire. Execute.

Getting started: ✓ Planning team ✓ Create schedule ✓ Gather documents



Determine Position

Strategy Issues: Identify strategic issues to address

Industry & Market Data: Identify market opportunities and threats

Customer Insights: Assess current satisfaction and future demand.

Employee Input: Determine strengths and weaknesses.

SWOT: Synthesize the data into summary SWOT items.



Develop Strategy

Mission: Determine your organization's core purpose.

Values: Identify your core beliefs.

Vision: Create an image of what success looks like in 5 years.

Competitive Advantages: Solidify your unique position

Org. Wide Strategies: Establish the approach for how you will succeed

Long-Term Objectives: Develop a 3 year balanced framework of 6 or less objectives.

Forecast: Develop a 3-year financial projection.



Build the Plan

Use SWOT: Process the SWOT to set priorities.

Organizational Goals: Set short-to-mid-term SMART goals. (1+ yr.)

KPIs: Select key performance indicators to track progress.

Department Goals: Cascade org goals to departments. (12 months)

Team Member Goals: Cascade dept. goals to individuals.

Budget: Align a one-year budget with the plan.



Manage Performance

Rollout: Communicate strategy to whole organization

Set Calendar: Establish schedule for progress reviews

Leverage Tools: Train team to use MyStrategicPlan

Adapt Quarterly: Hold progress reviews and modify

Update Annually: Review end of year, plan next year.

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USING YOUR SWOT ANALYSIS

WHITEBOARD VIDEO

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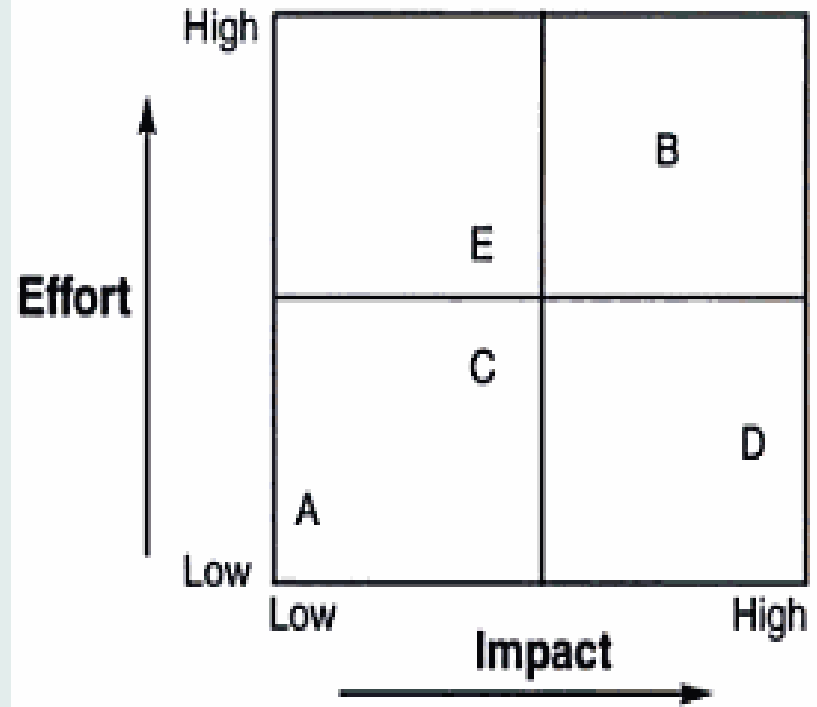
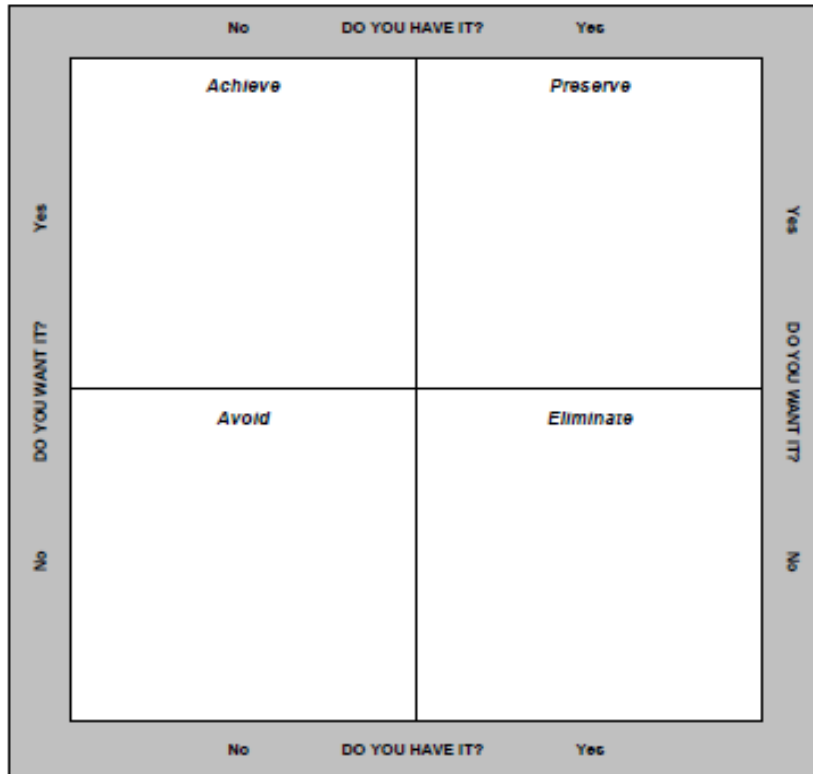


[Putting Your SWOT To Work](#)

PROCESS THE DATA TO DEVELOP A WORKABLE, ANALYZED LIST OF S/W/O/TS.

- Idea #1: Combine themes - summarize as a strategic activity.
- Idea #2: Use the “High Impact” process with your planning team. Ask each team member to select the top 3 S/W/O/T that will have the biggest impact on the future of the business. Three from each quadrant. (Use with big groups.)
- Idea #3: Use the Goals Grid for the S/W.
http://www.nickols.us/strategic_planning_tool.pdf
- Idea #4: Impact/Effort Grid. Use to process the W/Os.

BASIC PROCESSING TOOLS



BIGGER STRATEGIC ANALYSIS TOOLS

- **Competitive Strengths Grid** - What is our competitive advantage(s)?
- **SWOT to TOWS** - What are strategic alternatives?
- **Market Attractiveness** - Which markets to invest/divest?
- **Effort/Impact Grid & Opportunity Analysis** - How do we pick the best opportunity to focus on?
- **Positioning Map** - Do we need to change our value proposition?
- **Business Model Map** - How do we change our value proposition?

USE TO FIND COMPETITIVE ADVANTAGES

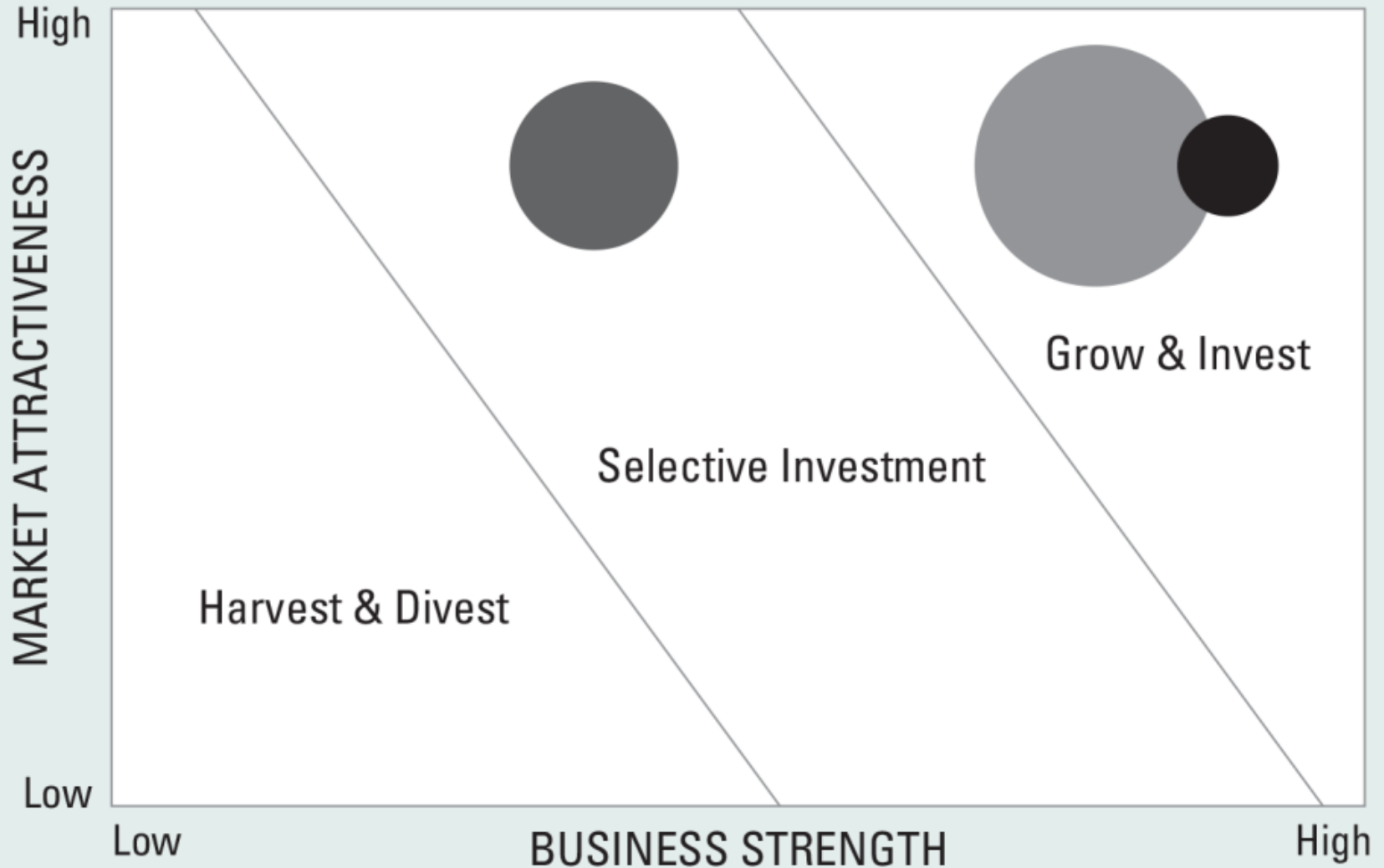
Competitive Advantages	List of Top Competitors/Groups						
	SFA	West Pac	Schwab	Smith Barney	Vanguard	CPA Firms	Schultz & Schultz
List of competitive advantages of each competitor							
Scope and breadth of services offered	2	3	4	4	1	1	3
Strong, well-known brand	1	1				1	2
Local		3			1		
Established relationship coming in	1	2				3	1
Pricing (cheap)	3	3		3		3	2
Pricing (commission)	0	3	3	4	2	3	0
Discretion (DIY)	1	1	4	3		4	1
Dedicated advisor(s)			3		1		
Investment style (active)	4		3	4	1	3	4
Web access to accounts	1					1	
High visibility	3	2				1	3
Client education	3	3				1	3
Corporate culture						1	
Client Loyalty	4	4	3	3	1	4	4
Know the client			1	1	1	1	
Rate each from Strong to Weak:	Strong = 5	Above Average = 4	Average = 3	Less than Avg. = 2	Weak = 1		

USE TO SPUR INNOVATIVE THINKING - WHAT IF..?

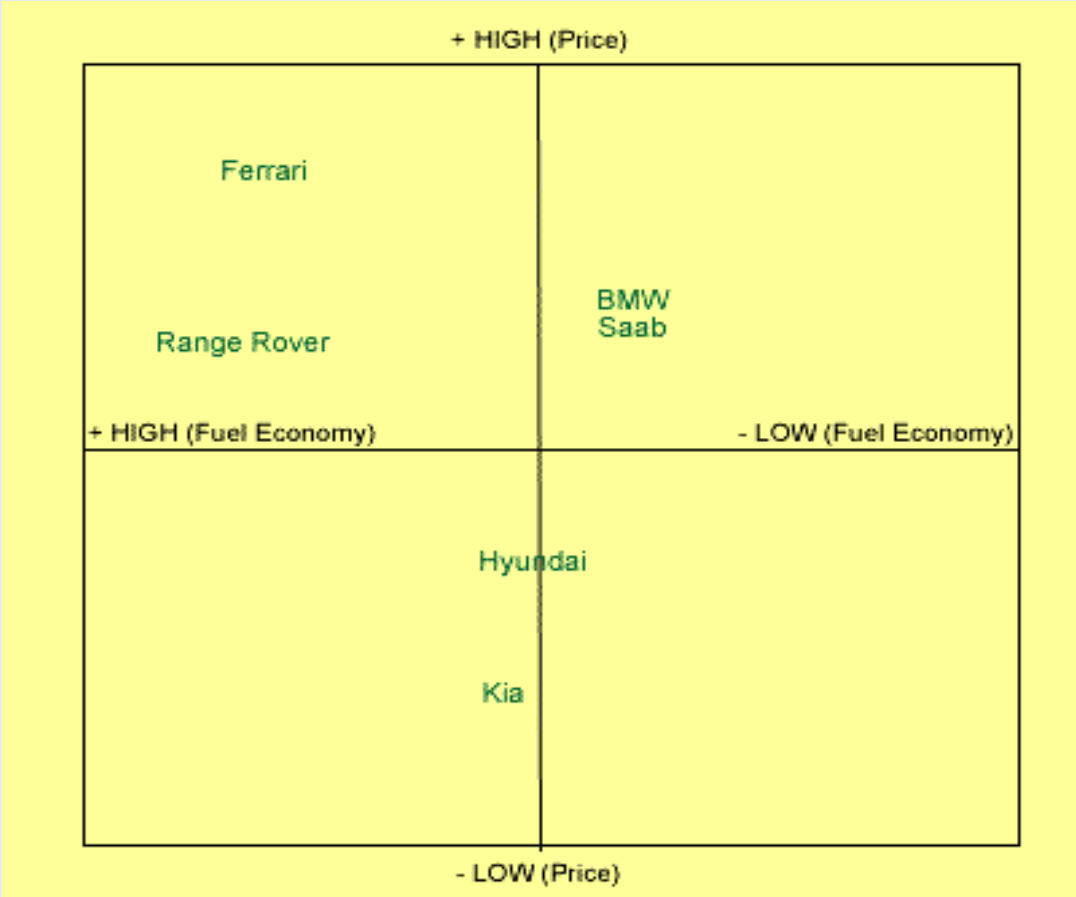
	Strengths-S <i>List Strengths</i>	Weaknesses-W <i>List Weaknesses</i>
Opportunities-O <i>List Opportunities</i>	SO Alternatives <i>Use strengths to take advantage of opportunities</i>	WO Alternatives <i>Overcome weaknesses by taking advantage of opportunities</i>
Threats-T <i>List Threats</i>	ST Alternatives <i>Use strengths to avoid threats</i>	WT Alternatives <i>Minimize weaknesses to avoid threats</i>

		Internal												
		Strengths					Weaknesses							
		S1	S2	S3	S4	S5	W1	W2	W3	W4	W5	W6	W7	W8
External Opportunities	O1	●	●	●	●	●						●		
	O2					●			●	●		●	●	●
	O3					●	●	●			●		●	
Threats	T1	●								●				
	T2	●	●	●			●	●	●	●				
	T3									●		●		
	T4	●												

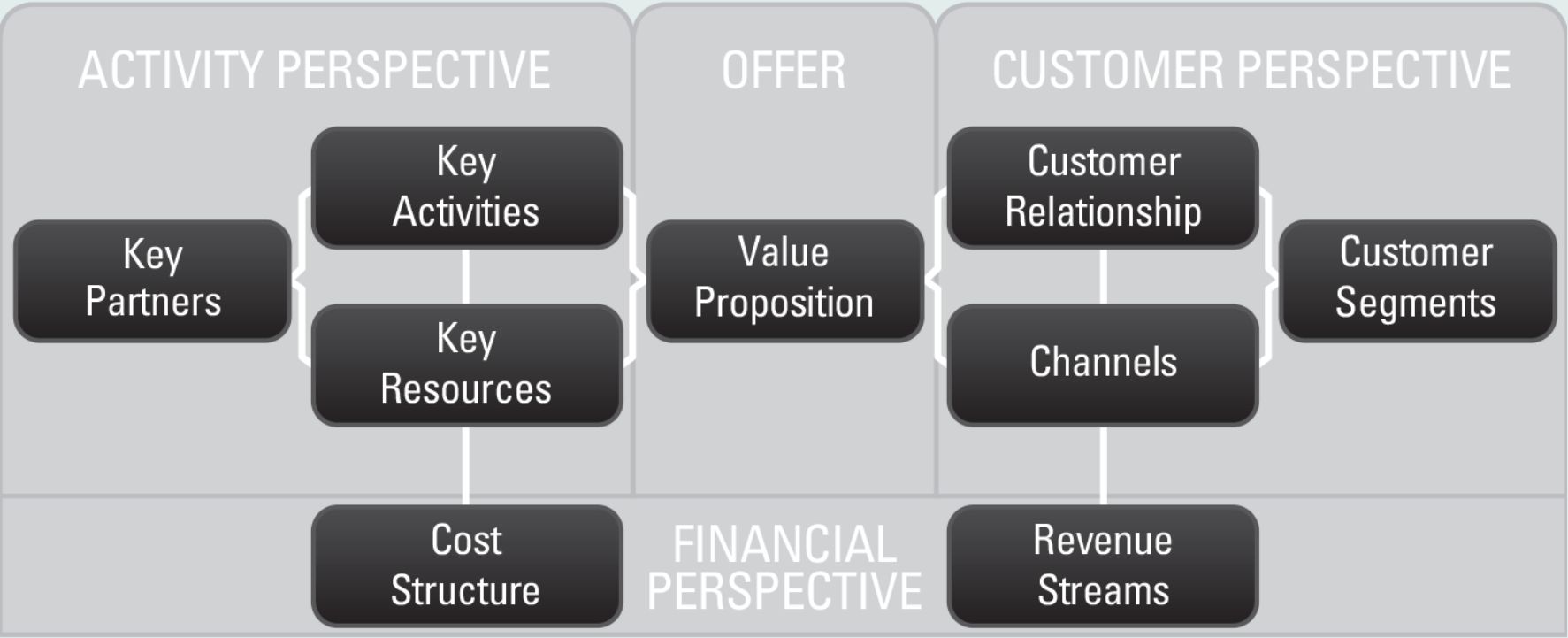
USE TO ASSESS MULTI-MARKETS MARKET ATTRACTIVENESS & OPPORTUNITY ANALYSIS



USE FOR VALUE PROP SHIFT- POSITIONING MAP



USE FOR HOW TO CHANGE YOUR BIZ MODEL



RESULT OF THE PHASE

Summary of....

What is our current state (SWOT)?

and

What are the possibilities
(strategic alternatives) for growth?

LONG-TERM STRATEGIC OBJECTIVES

WHITEBOARD VIDEO

OnStrategy



[Choosing Your Strategic Objectives](#)

WHAT ORGANIZATIONS NEED TO BE STRATEGIC...



What must we focus on to achieve our vision?

What are the “big rocks”?

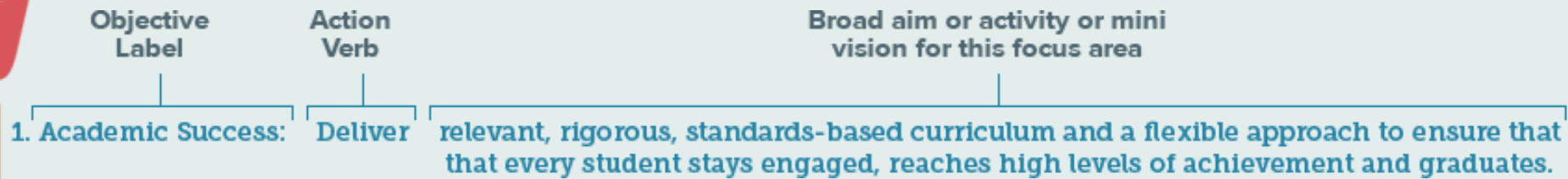
Definition:

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

Outcome:

Framework for your plan - no more than 6

THE ANATOMY OF A GOOD STRATEGIC OBJECTIVE



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?

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.

EXAMPLES

Financial Strategic Objectives:

- To establish a financially stable and profitable company.
- Shift revenue mix majority of product sales to service sales.
- Profitability: Maintain margins at XX%.

Customer Strategic Objectives:

- Introduce current products to two new markets.
- Increase loyalty, customer satisfaction, referral volume.

EXAMPLES

Internal Processes Strategic Objectives:

- To achieve order fulfillment excellence through on-line process improvement.
- Improve or institute a sales process, increase close rate, increase lead generation.
- Improve brand management through consistent use of...

People & Learning:

- To provide employee with challenging and rewarding work.
- Be the best place to work in....

YOUR STRATEGY MAP

"Our company's success comes from..."

Develop top to bottom

FINANCIAL

<p>Revenue Growth: Gain New Maintain Existing</p>	<p>Increase Profitability: Lower Expenses Increase Margins</p>
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...delivering a great value proposition to our customers through services or products...

CUSTOMERS

<p>Differentiate from Competition: Attract New Customers Retain Current Customers Deepen Relationships</p>	<p>Choose Value Proposition: Operational Excellence Customer Intimacy Product Leadership</p>	<p>Mix of: Product, Price Service, Relationship and Image</p>
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...which is based on managing and enhancing organizational effectiveness through...

OPERATIONS

Operational Processes	IT Process Management	Customer Service Processes	Marketing Management Processes	New Products/Service Development Innovation Processes	Short Term Operational Efficiency Medium Term CRM Long Term Innovation
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...defining what resources we have and how they align with our objectives."

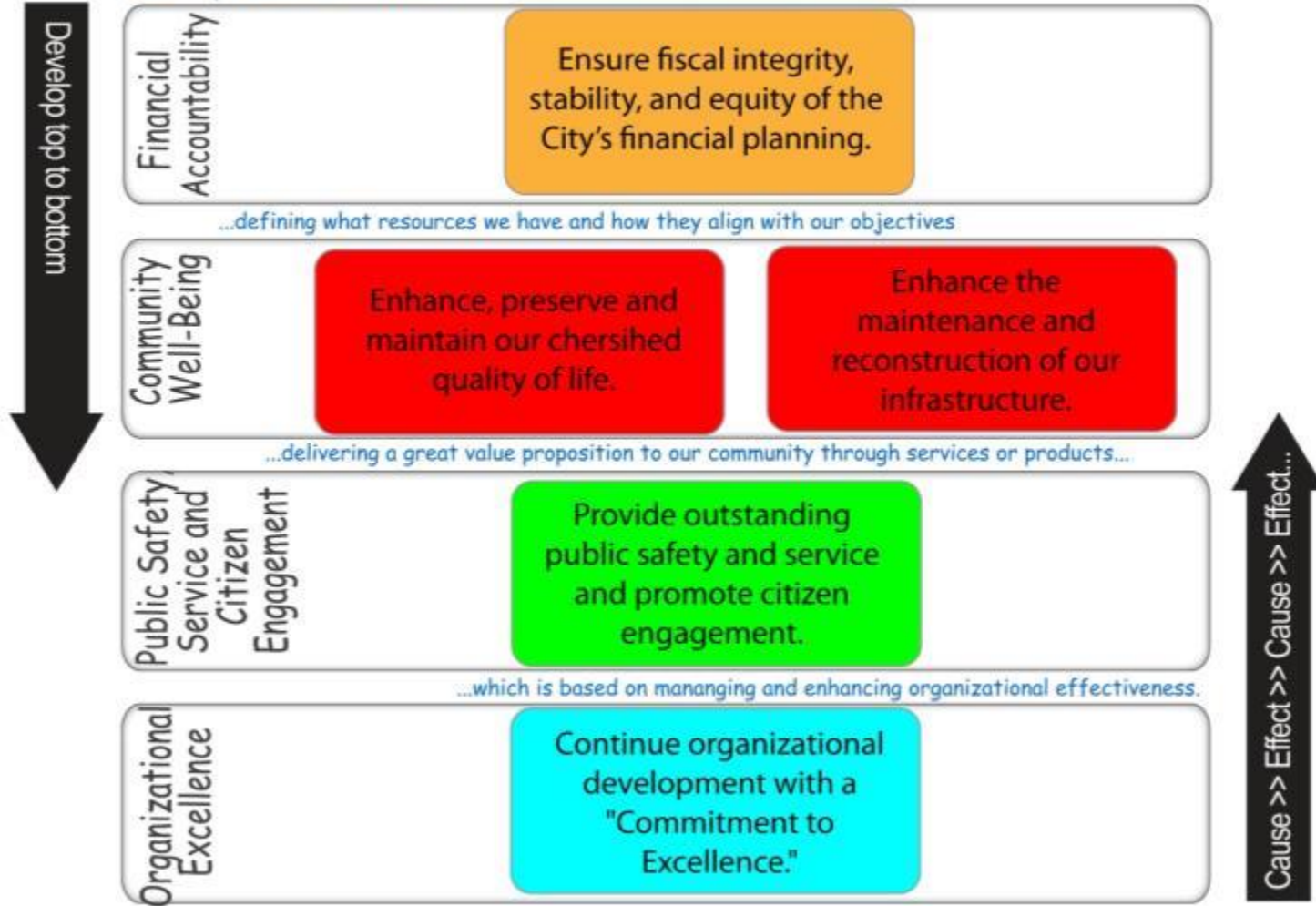
PEOPLE

<p>Define: Attract/Hire/Retain the Right People Training</p>	<p>Align: Employee Capabilities and Skills Corporate Culture</p>
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Cause >> Effect >> Cause >> Effect...

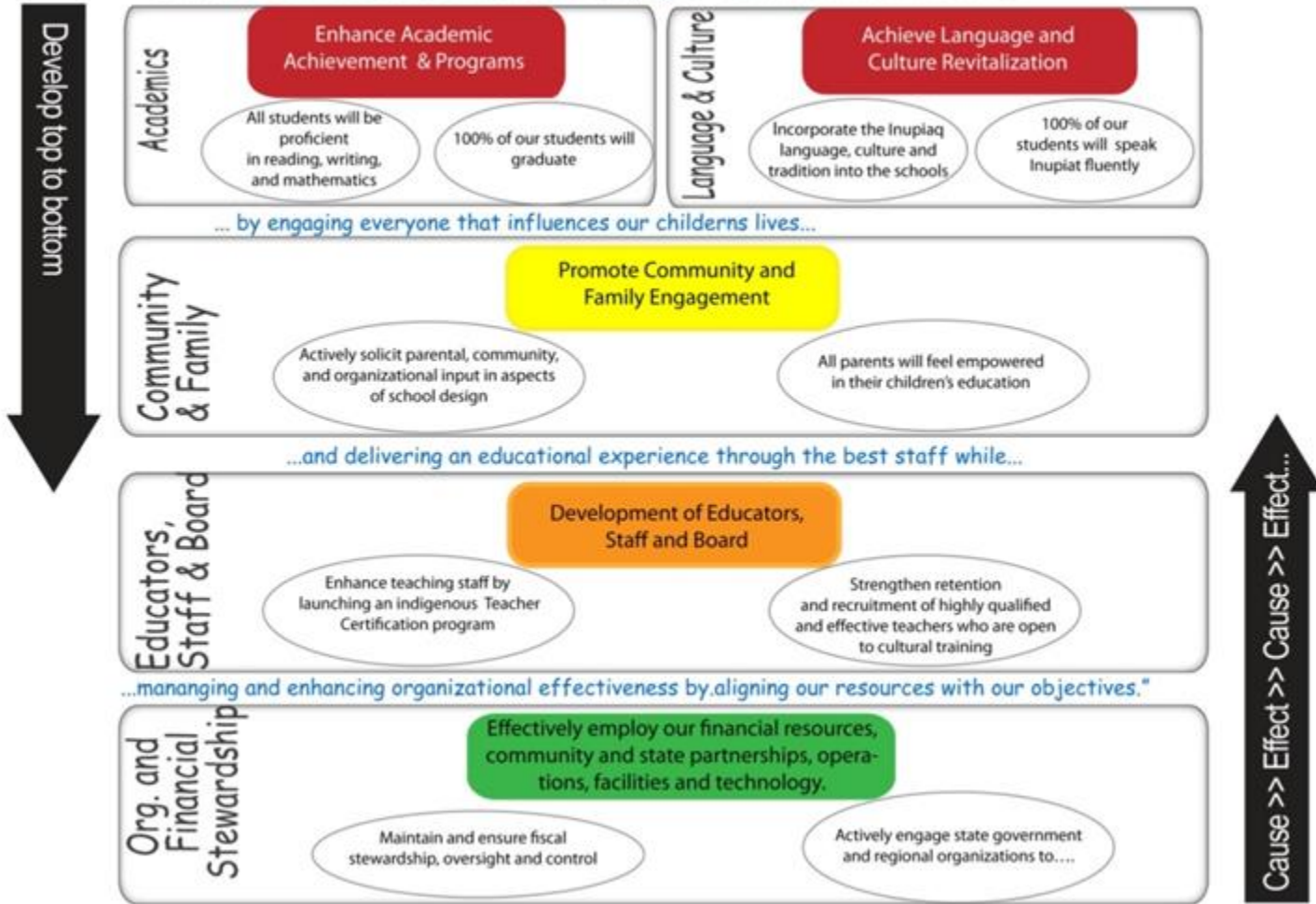
City of Fernley - STRATEGY MAP

"Our city's success comes from..."

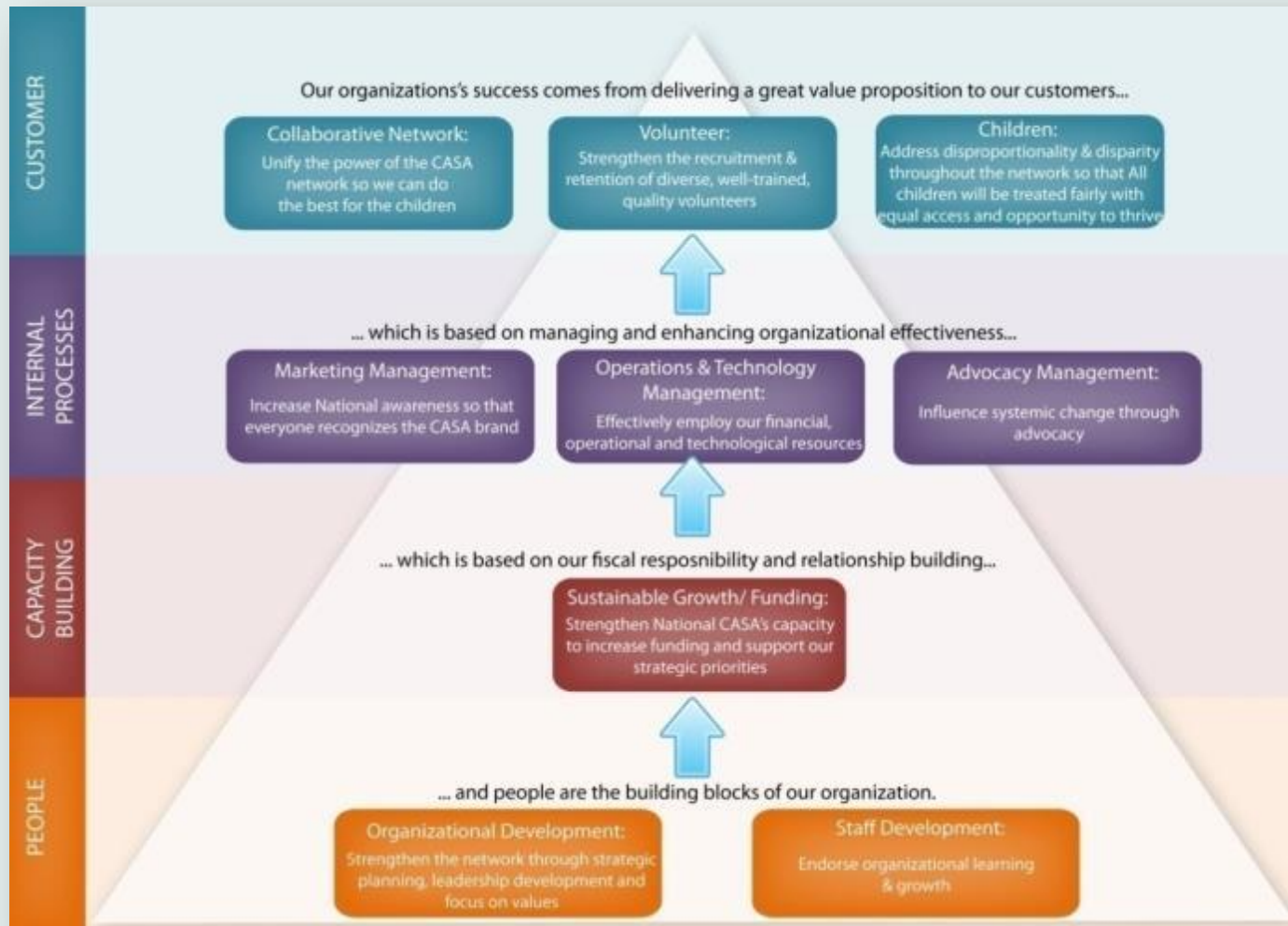


STRATEGY MAP - North Slope Borough School District

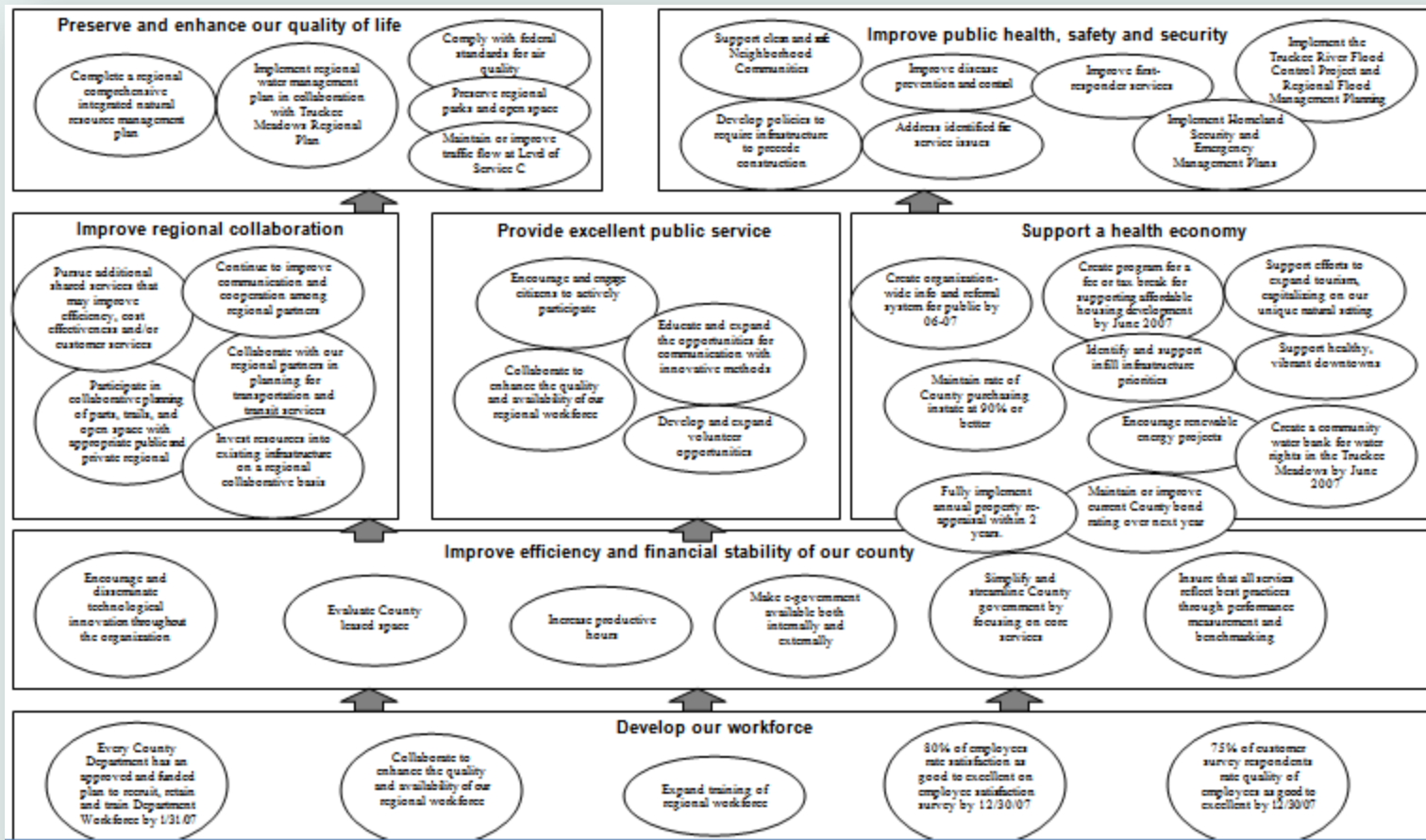
"Our school district's success comes from readying our students to inherit the world..



NATIONAL CASA STRATEGY MAP - NONPROFIT



CITY GOVERNMENT - STRATEGY MAP



STRATEGY MAP - ND Office of Management & Budget

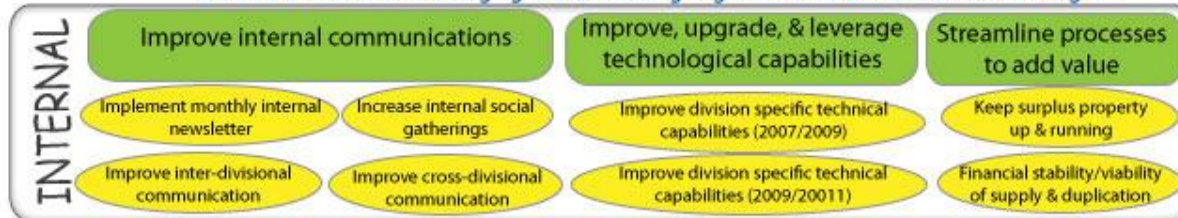
"Our agency's success comes from..."



...delivering a great value proposition to our stakeholders through services or products...



...which is based on managing and enhancing organizational effectiveness through...



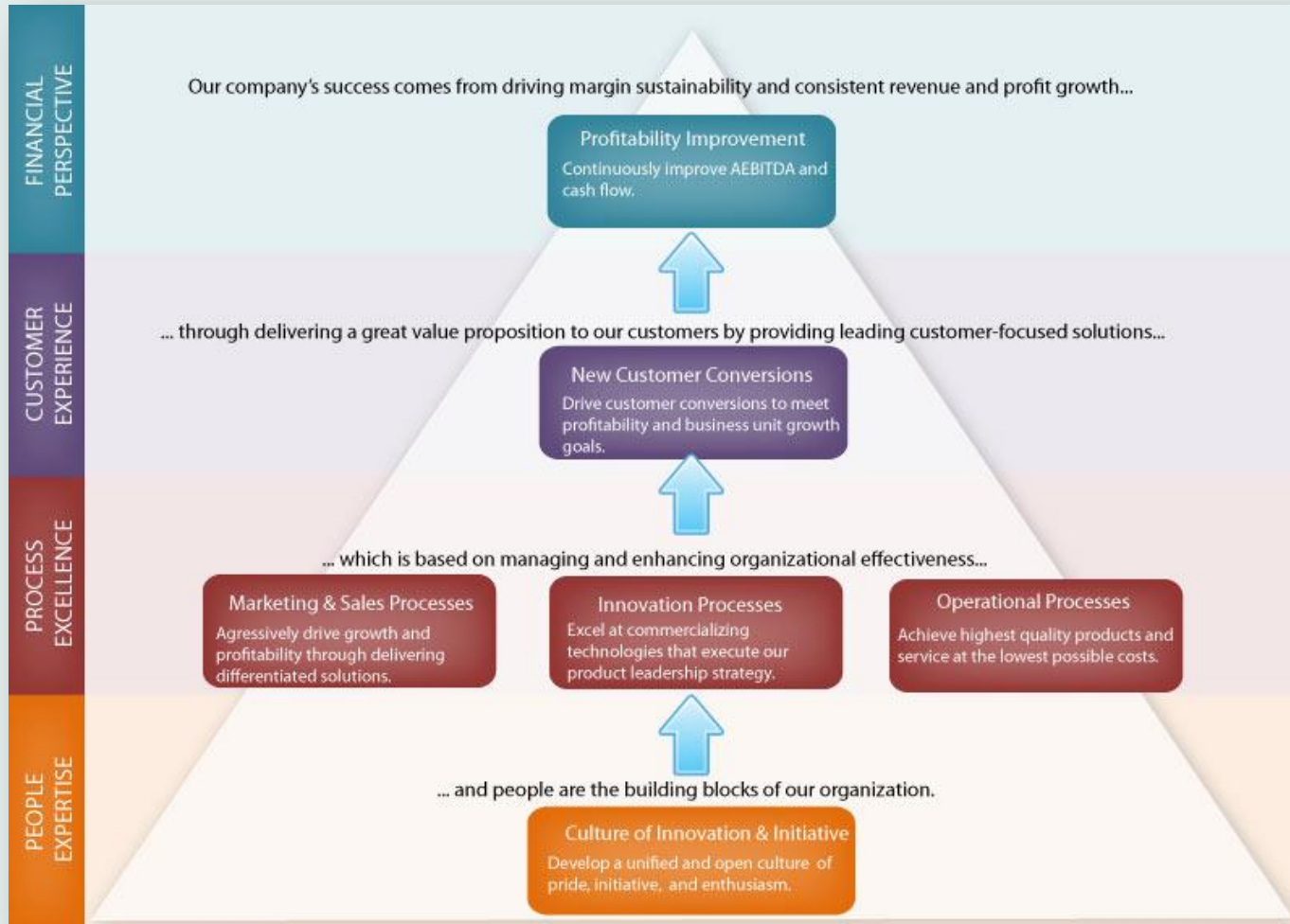
...defining what resources we have and how they align with our objectives."



Develop top to bottom

Cause >> Effect >> Cause >> Effect...

FOR-PROFIT STRATEGY MAP (ONLY KEY INITIATIVES)



LEADER EVALUATION-DID WE GET IT RIGHT?

- As a group, do the strategic objectives represent every one of the organization's **key strategic focus areas**?
- Are there at least three strategic priorities, but **no more than six**?
- Are the goal descriptions **global in scope** and start with “infinite” verbs?
- If the organization achieves these goals, and only these goals, will the organization most likely have **achieved its vision**?

SAVING YOUR DECISIONS

Update your [Strategic Objectives here](#).

SMART GOALS

WHITEBOARD VIDEO

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[How To Set 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

Decrease the registration errors by the Patient Registration Dept. by 20%

IT Manager

Develop an IT infrastructure master plan that supports projected expansion plans

MEASURABLE

Measure: Completed criteria and guidelines

- 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?*

Develop recruitment criteria and guidelines for the ER Nursing Department

Decrease the Registration's Dept error rate **by 20%**

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

Achieve sales of \$35.2M
in 2012

Improve gross margin
by 23.2 % in 2012

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.



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



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.

PRACTICAL GOAL WRITING

Taking SMART to the battle field!

- *WHAT / Why*
- *HOW*
- *OBSTACLES- (OH-NOs)*
- *WHEN*

SMART IN THE BATTLEFIELD

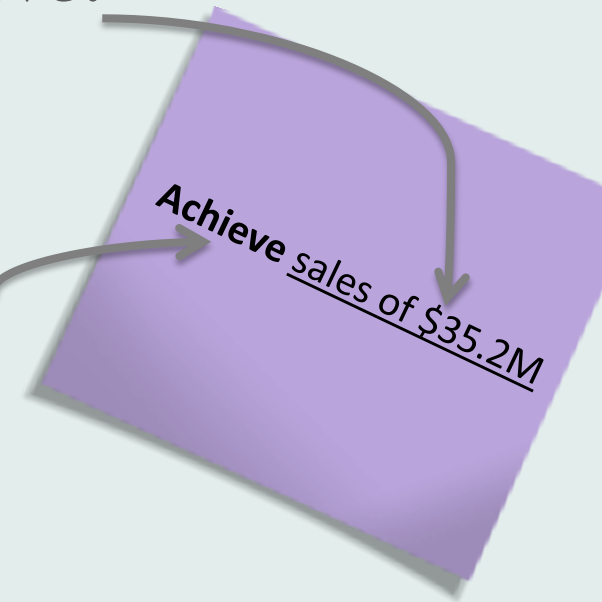
WHAT do you want to accomplish/achieve?

- **WHY** is the goal important?
- Write the goal!

Start the sentence with a VERB

Use verbs that motivate

- To BUILD
- To ATTAIN
- To COMPLETE
- To ACHIEVE & many others



SMART IN THE BATTLEFIELD

How - Outline the ***STEPS*** to achieve the goal.

- Break them down to small manageable tasks/“smaller goals”
 - Each cascading action starts with a verb, have a timeline *and*,
 - Each should move you closer towards accomplishing the larger goal

Ex: Achieve sales of \$35.2M in 2012 in new Widget Sales

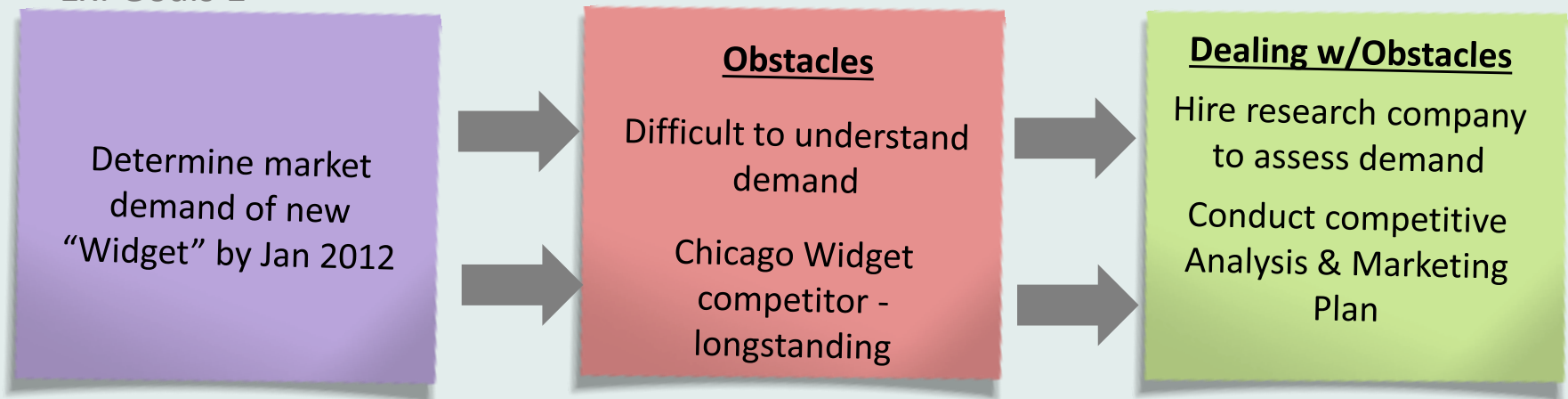


SMART IN THE BATTLEFIELD

Chart the **OBSTACLES** for achieving the goal

- Identify them and write how you will deal with each issue
- The obstacles may also define other “elements” you need to satisfy before accomplishing the goal
- These translate into additional goals/action items

Ex: Goals 1



SMART IN THE BATTLEFIELD

When -When is this goal or action item to be completed?

- Is there a deadline?
- **Timeframe** for the goal to be accomplished within

Example:

- Start: May 1, 2012
- End: Dec 15, 2012



Achieve territory sales
of \$35.2M in 2012

SMART GOALS

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

- Provide direction, clarity and momentum to achieving a vision- Be Passionate
- Communicate the outcome (Why)
- Be clear about ownership/accountability
- Clear and simple target
- Know how you will measure it

Goals are dreams with deadlines.

-Diana Scharf Hunt

EXAMPLES

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.

SETTING ORG-WIDE GOALS AND MEASURES

ORGANIZATION-WIDE GOALS OVERVIEW

What is most important right now to reach our long-term objectives?

Definition:

Annual statements that are specific, measurable, attainable, responsible and time bound. These are outcome statements expressing a result expected in the organization.

Outcome:

Clear outcomes for the current year.

THE ANATOMY OF A GOOD ORGANIZATION-WIDE GOAL



ROADMAP STRUCTURE

Long-Term Strategic Objectives	Year One Goals	Year Two Goals	Year Three Goals
Financial			
Establish a financially stable and profitable company.	Increase our billable hours by 10% over the next 12 months.	Continue to increase billable hours by 10% by end of 2012.	Reduce operating costs by 10% by end of 2013.
	Achieve sales growth of 10% per year.	Achieve sales growth of 12% by end of 2012.	Increase sales by 15% by end of 2013.
Customer			
Introduce current products to two new markets.	Realize 10% of the company's annual sales from the small business market by end of next year.	Gain 10% of the company's annual sales from the health care sector by end of 2012.	Maintain 10% increase in annual sales from health care sector in 2013.
			Grow small business sales by 5% in 2013.
Internal Business Processes			
Achieve order fulfillment excellence through on-line process improvement.	Reduce the time lapse between order data and delivery from 6 days to 4 days by this June.	Decrease time lapse to 3 days by end of 2012.	Upgrade and implement new software system.
	Reduce the number of returns due to shipping errors from 3% to 2%.	Maintain 2% shipping return error rate.	Strive for less than 1% returns due to shipping errors by end of year.
Employees & Learning			
Provide employees with challenging and rewarding work.	Reduce turnover among sales managers by 10% by the end of the year.	Implement profit sharing program by end of 2012.	Provide professional development opportunities for all departments.
	Hire and train a human relations director by the end of the year.	Focus on team building through 2 off-site events per year.	Expand team to include PR/marketing director.

SMART GOAL STRUCTURE

Overall strategy: Leverage current resources to gain market share.					
Long-Term Strategic Objectives		1-Year Goals	Measures	Targets	Person Responsible
Financial					
Establish a financially stable and profitable company.	1	Increase our billable hours by 10% over the next 12 months.	# of billable hours	1.2% increase each month	
	2	Achieve sales growth of 10% per year.	Monthly sales	1.2% increase each month	
Customer					
Introduce current products to two new markets.	1	Realize 10% of the company's annual sales from the small business market by end of next year.	# of small business clients	100 clients	Marketing department
Internal Business Processes					
Achieve order fulfillment excellence through on-line process improvement.	1	Reduce the time lapse between order data and delivery from 6 days to 4 days by this June.	# of days to process each order	4 days	Shipping department
	2	Reduce the number of returns due to shipping errors from 3% to 2%.	# of returns due to shipping errors	2%	Shipping department
Employees & Learning					
Provide employees with challenging and rewarding work.	1	Reduce turnover among sales managers by 10% by the end of the year.	Employee turnover	10%	Sales department
	2	Hire and train a human relations director by the end of the year.	Director hired	achievement	CEO

TIPS: THINK S.M.A.R.T. WHEN YOU CREATE YOUR GOALS

Tip:
SMART is not
stupid.



- 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).

EXAMPLES

Financial 1-Year Goals:

- Increase our billable hours by 10% over the next 12 months. (Measure: # billable hours / Target: 10%)
- Achieve sales growth of 10% per year. (Measure: Monthly sales / Target: 10%)

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%)

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%)

LEADER 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?

SAVING YOUR DECISIONS

Update your [Organization-Wide Goals here.](#)

TEAM PRE-WORK FOR SESSION #5

1. Read the Phase 3: Strategic Plan Development How-To Guide.