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SESSION #4: BUILDING YOUR PLAN PART 1

PLANNING SESSION AGENDA

I. Agreeing on Long-Term Strategic Objectives (Our Framework) (30 mins)

II. Setting 1 Year Corporate/Org-Wide Goals (1.5 hrs)

III. Establishing Strategic Performance Measures - KPIs (1 hr)

IV. Building out Longer-Term Goals (Time Permitting)

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Our Strategy Management Process

Impact
Engage. Inspire. Execute.

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

Determine Position	Develop Strategy	Build the Plan	Manage Performance
Strategy Issues: Identify strategic issues to address	**Mission:** Determine your organization's core purpose.	**Use SWOT:** Process the SWOT to set priorities.	**Rollout:** Communicate strategy to whole organization
Industry & Market Data: Identify market opportunities and threats	**Values:** Identify your core beliefs.	**Organizational Goals:** Set short-to-mid-term SMART goals. (1+ yr.)	**Set Calendar:** Establish schedule for progress reviews
Customer Insights: Assess current satisfaction and future demand.	**Vision:** Create an image of what success looks like in 5 years.	**KPIs:** Select key performance indicators to track progress.	**Leverage Tools:** Train team to use MyStrategicPlan
Employee Input: Determine strengths and weaknesses.	**Competitive Advantages:** Solidify your unique position	**Department Goals:** Cascade org goals to departments. (12 months)	**Adapt Quarterly:** Hold progress reviews and modify
SWOT: Synthesize the data into summary SWOT items.	**Org. Wide Strategies:** Establish the approach for how you will succeed	**Team Member Goals:** Cascade dept. goals to individuals.	**Update Annually:** Review end of year, plan next year.
	Long-Term Objectives: Develop a 3 year balanced framework of 6 or less objectives.	**Budget:** Align a one-year budget with the plan.	
	Forecast: Develop a 3-year financial projection.		

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LONG-TERM STRATEGIC OBJECTIVES

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[Choosing Your Strategic Objectives](#)

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What must we focus on to achieve our vision?

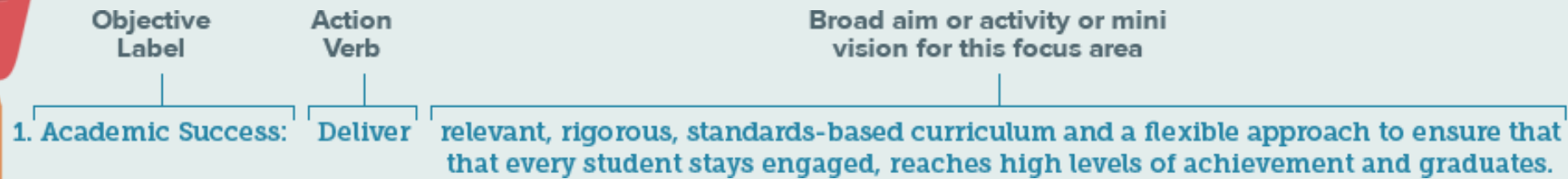## What are the "big rocks"?

Definition:

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

Outcome:

Framework for your plan – no more than 6

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Objective Label

Action Verb

Broad aim or activity or mini vision for this focus area

1. Academic Success: Deliver relevant, rigorous, standards-based curriculum and a flexible approach to ensure that that every student stays engaged, reaches high levels of achievement and graduates.

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Financial
Revenue and Expenses

Customer
Acquire, Retain, Service

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

People & Learning
Hire, Retain, Train, Culture

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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?

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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.

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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….

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YOUR STRATEGY MAP

"Our company's success comes from...

Develop top to bottom (↓)

FINANCIAL

Revenue Growth:
Gain New
Maintain Existing

Increase Profitability:
Lower Expenses
Increase Margins

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

CUSTOMERS

Differentiate from Competition:
Attract New Customers
Retain Current Customers
Deepen Relationships

Choose Value Proposition:
Operational Excellence
Customer Intimacy
Product Leadership

Mix of:
Product, Price
Service,
Relationship
and Image

...which is based on mananging 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 Effeciency
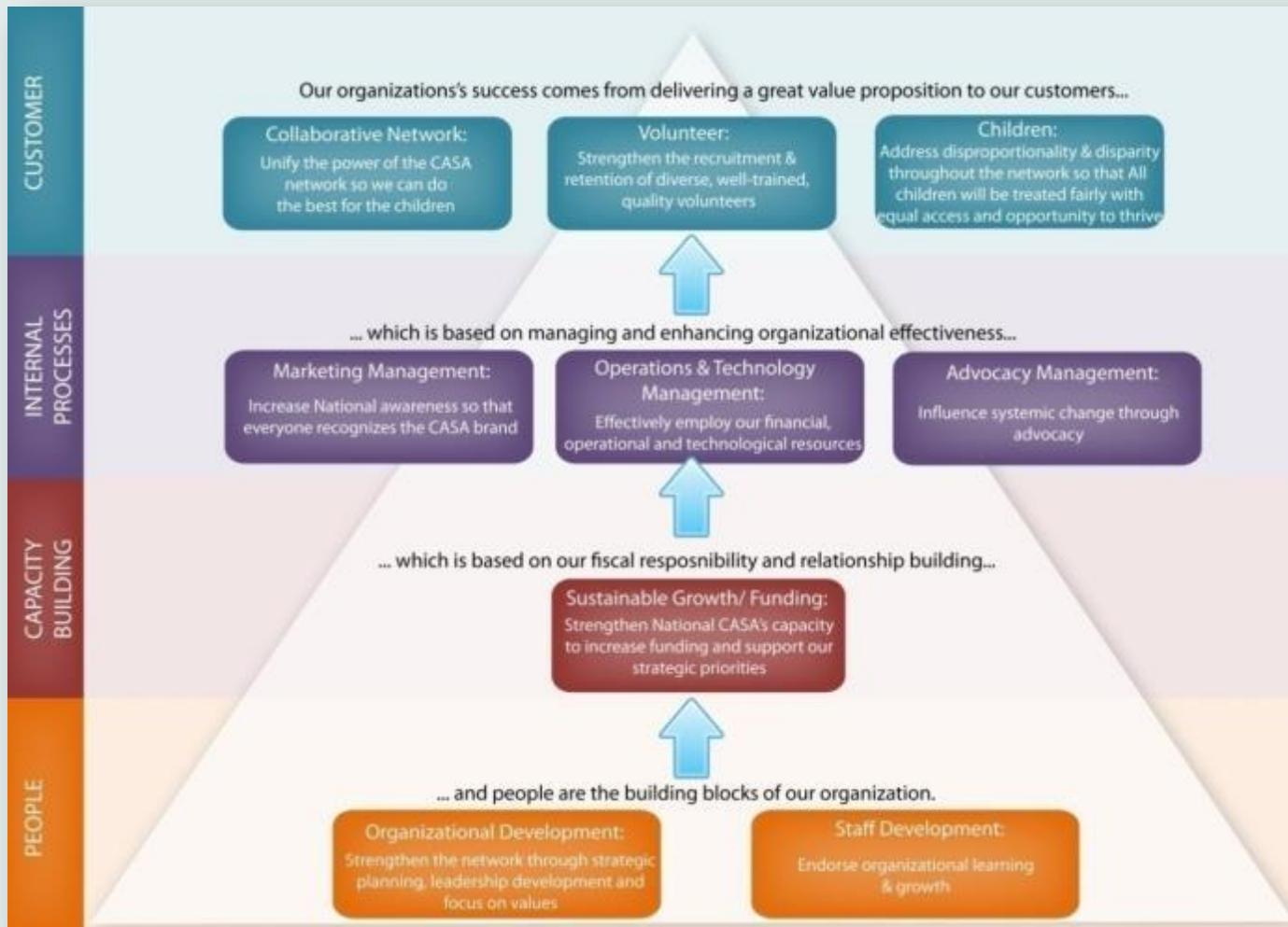
Medium Term CRM

Long Term Innovation

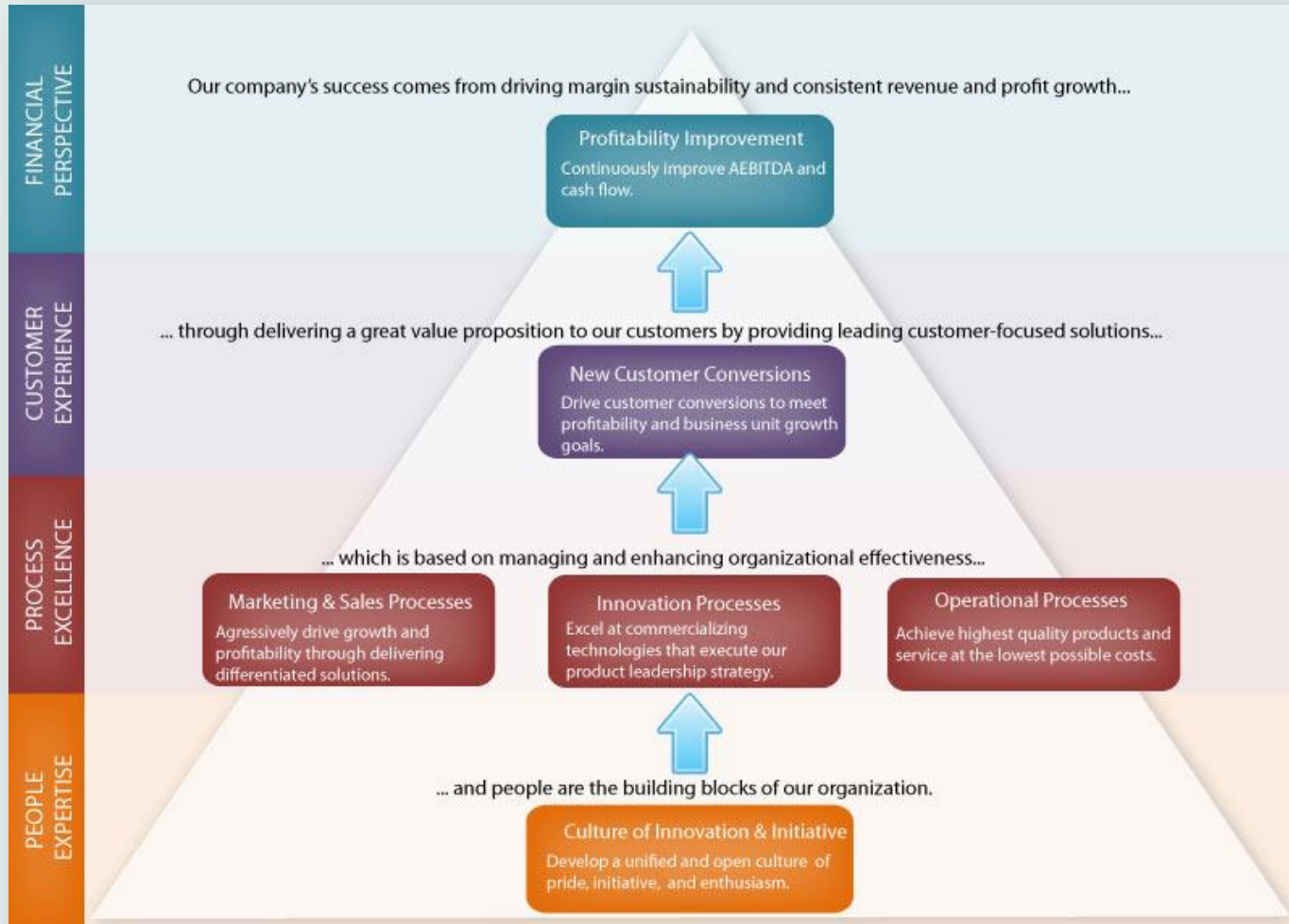...defining what resources we have and how they align with our objectives."

PEOPLE

Define:
Attract/Hire/Retain the Right People
Training

Align:
Employee Capabilities and Skills
Corporate Culture

Cause >> Effect >> Cause >> Effect... (↑)

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CUSTOMER

Our organizations's success comes from delivering a great value proposition to our customers...

Collaborative Network:
Unify the power of the CASA network so we can do the best for the children

Volunteer:
Strengthen the recruitment & retention of diverse, well-trained, quality volunteers

Children:
Address disproportionality & disparity throughout the network so that All children will be treated fairly with equal access and opportunity to thrive

INTERNAL PROCESSES

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

Marketing Management:
Increase National awareness so that everyone recognizes the CASA brand

Operations & Technology Management:
Effectively employ our financial, operational and technological resources

Advocacy Management:
Influence systemic change through advocacy

CAPACITY BUILDING

... which is based on our fiscal responsibility and relationship building...

Sustainable Growth/ Funding:
Strengthen National CASA's capacity to increase funding and support our strategic priorities

PEOPLE

... and people are the building blocks of our organization.

Organizational Development:
Strengthen the network through strategic planning, leadership development and focus on values

Staff Development:
Endorse organizational learning & growth

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FOR-PROFIT STRATEGY MAP (ONLY KEY INITIATIVES)

FINANCIAL PERSPECTIVE

Our company's success comes from driving margin sustainability and consistent revenue and profit growth...

Profitability Improvement
Continuously improve AEBITDA and cash flow.

CUSTOMER EXPERIENCE

... through delivering a great value proposition to our customers by providing leading customer-focused solutions...

New Customer Conversions
Drive customer conversions to meet profitability and business unit growth goals.

PROCESS EXCELLENCE

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

Marketing & Sales Processes
Agressively drive growth and profitability through delivering differentiated solutions.

Innovation Processes
Excel at commercializing technologies that execute our product leadership strategy.

Operational Processes
Achieve highest quality products and service at the lowest possible costs.

PEOPLE EXPERTISE

... and people are the building blocks of our organization.

Culture of Innovation & Initiative
Develop a unified and open culture of pride, initiative, and enthusiasm.

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- 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**?

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Update your [Strategic Objectives here](#).

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SETTING 1-3 YEAR ORG-WIDE GOALS

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[How To Set SMART Goals](#)

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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.

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Example of a Meaningful Goal

Offer free ground shipping to force the more environmental option for our customers and better compete with the industry.

action oriented verb

specific

impact to business
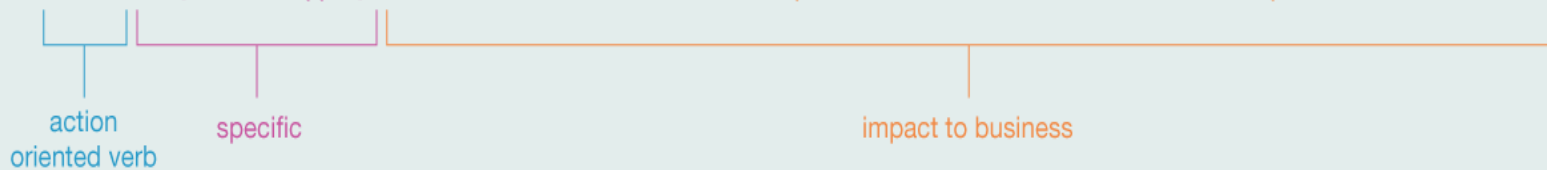
And Meaningful Commitment

Who:
Ecommerce BU Leader

Accountability

Measured by:
% increase of customers selecting ground shipping over FY12

Measure of success

FY13 Target:
20% over FY12

Target

Start/End:
Q1-Q4

Time line

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GOAL SETTING

- **S** SPECIFIC
- **M** MEASURABLE
- **A** ATTAINABLE
- **R** RESPONSIBLE
- **T** TIME-BOUND

- Provide direction, clarity and momentum to achieving a vision
- Communicate the outcome (Why)
- Be clear about ownership/accountability
- Clear and simple

Goals are dreams with deadlines.
-Diana Scharf Hunt

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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.

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Materials Needed: Index-sized sticky notes. Items from SWOT prioritized as "Essential" on index sized sticky notes.

Step 1: Build a grid on the whiteboard like the example on the next slide. Write strategic objectives on large sticky notes and place on grid.

Step 2: Group the "Essential" items from the SWOT with each Strategic Objective as possible ideas for org-wide goals.

Step 3: Start with the Financial Strategic Objective, "What outcomes do we want in 2015 to help us move towards achieving this objective?" Write ideas on sticky notes.

Step 4: Review "Essential" ideas and "ideas" generated in Step 3. Group like ideas and draft 2-3 org-wide goals for this strategic objective. Place ideas not used in the 2016 or 2017 columns if they are still possibilities.

Step 5: Move to Customer Strategic Objectives to build goals to drive the revenue goals you developed in Step 4. Repeat Steps 3 and 4 to develop the goals.

Step 6: Move to Internal & People to build goals to drive profitability goals you developed in Step 4. Repeat Steps 3 and 4 to develop the goals.

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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 an new softwa
	Reduce the number of returns due to shipping errors from 3% to 2%.	Maintain 2% shipping return error rate.	Strive for le returns due errors by e
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 pro developme ties for all
	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 tea PR/marketi

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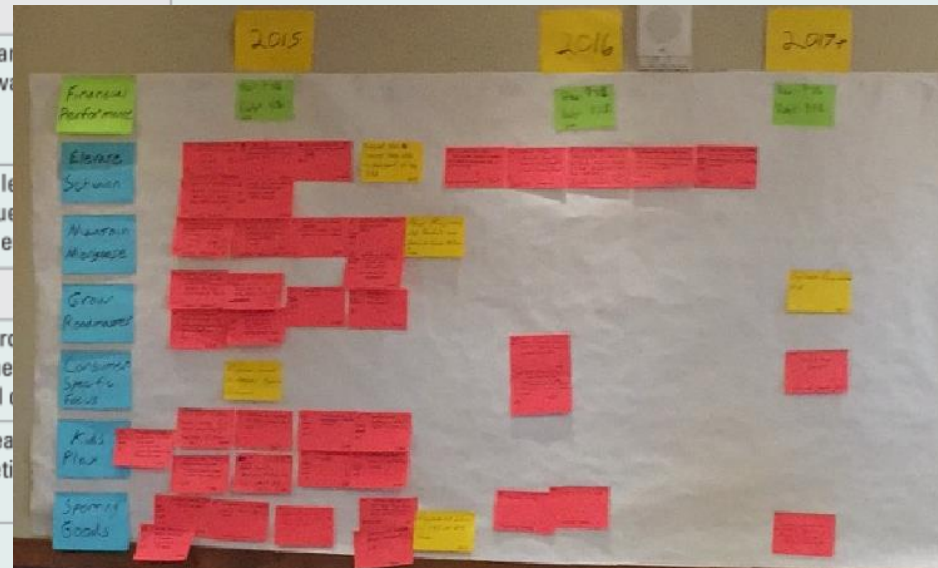
ROADMAP STRUCTURE

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LEADER EVALUATION-DID WE GET IT RIGHT?

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

- Are your goals cross functional?

- 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?

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

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KEY PERFORMANCE INDICATORS (KPIS)

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How will we measure our success?

Definition:

Key Performance Indicators (KPI) are the key measures that will have the most impact in moving your organization forward. We recommend you guide your organization with measures that matter.

Outcome:

5-7 measures that help you keep the pulse on your performance

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Lag/Outcome Measure: (Percentage, Number, Currency or Percent Complete) + (result or outcome)

Lead/Output Measure: (Percentage, Number, Currency or Percent Complete) + (deliverable, activity, process the owner can influence)

Target Structure: (Number for achievement by the end date of the goal)

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DEVELOPING MEASURES 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?

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

Tips:

- ✓ People care about **outcomes** not outputs. Think about the **WHY** as you develop measures.
- ✓ Identify your **data source**
- ✓ Focus on **quality over quantity**
- ✓ Staff care about empowerment and seeing **measurable progress**. Shorten timelines where possible.
- ✓ Use a combination of leading (warning buoys) and lagging (history lessons) indicators.
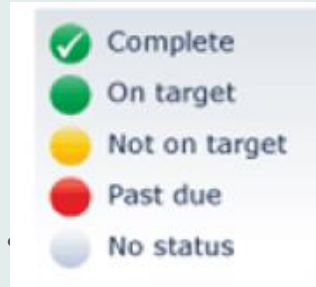- ✓ Use a proxy or a *qualitative* measure when sourcing the data is harder than doing the work.

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

✓ Usually % complete

% report developed

Complete
On target
Not on target
Past due
No status

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

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EXAMPLES

Financial	Customer	Internal Business Processes	Employee & Learning
• Net sales (dollar growth and percent increase) • Gross profit margin • Pretax earnings (dollar growth and percent increase) • Operating expenses (SGA) as a percent of sales • Receivables turnover • Inventory turnover • Debt-to-equity ratio • Total equity dollars • Operating cash flow • Investing cash flow • Financing cash flow • Ending cash • Earnings per share • ROI, ROE, ROA	• Improving image/reputation • Number of customer complaints • Percentage market share • Number of customers retained • Customer satisfaction • Dollars per account • Time spent with customer • Revenue per customer • Number of transactions per unit time • Average sales dollars per transaction • Customer satisfaction index • Number of customers • Number of new customers • Ratio of new to existing customers • Average sales per customer	• Percentage operating costs • Billable efficiency • Quality of product/service • Defects ratio • New product success rate • Cycle time to deliver • Project turnaround time • Number of defects or returns • Delivery times • Delivery response time to customer • Number of test market trials • Relative product quality • Number of new products • Number of products produced • Average cost per product • Number of products sold	• Employee retention • Employee satisfaction • Number of quality resumes on hand • Employee turnover • Number of ideas in the pipeline • Number of employee suggestions • Percentage of employees who are systems efficient • Average sales per employee • Number of net new positions • Number of relevant trainings attended

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BUILDING GREAT MEASURES & TARGETS

Setup: Take a picture of your roadmap and move the 2016 and 2017 sticky notes off to the side. Label the middle column "Measures & Targets" and the far right column "Person Responsible".

Step 1: Build a grid on the whiteboard/roadmap like the example on the next slide.

Step 2: Develop 1 performance measure for each corporate goal by answering the question "How will we know we are succeeding?" Write each one on a sticky note.

Step 3: Determine if you can gather the data on a monthly basis and what the data source is. Write the data source on the performance measure sticky note.

Step 4: Determine the end of year target by answering the question "What is our desired outcome?" Decide as a group – are we setting moon targets (stretch) or mountain targets (achievable). Write on the sticky note.

Step 5: Identify goal champions or leaders for each goal. Write on sticky note and place in far right column.

Step 6: Repeat steps 2-5 for each goal.

Step 7: Choose 5-7 of the measures you've just developed to be KPIs for your organization.

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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

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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%)

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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%)

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- 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?

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

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ADVANCED SWOT ANALYSIS

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Competitive Advantages	List of Top Competitors/Groups							
List of competitive advantages of each competitor	SFA	West Pac	Schwab	Smith Barney	Vanguard		CPA Firms	Schultz & Schultz
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 sytle (active)	4		3	4	1		3	4
Web access to accounts	1						1	
High visability	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			

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	Strengths-S *List Strengths*	Weaknesses-W *List Weaknesses*
Opportunities-O *List Opportunities*	**SO Alternatives** *Use strengths to take advantage of opportunities*	**WO Alternatives** *Overcome weaknesses by taking advantage of opportunities*
Threats-T *List Threats*	**ST Alternatives** *Use strengths to avoid threats*	*Minim... and...*

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