

LEADER SESSION AGENDA

- I. Debriefing From Session 4
- II. Organization Goals
- III. Key Performance Indicators
- IV. Cascading Goals and Department/Team Member Planning
- V. Aligning your Budget to Your Strategy
- VI. Q&A

OnStrategy

SESSION #5: BUILDING YOUR PLAN PART 2

PLANNING SESSION AGENDA

- I. Review 2016 Corporate Goals (15-30 mins)
- II. Explain Department and Individual Goal Development Process and Expectations (60 mins)
- III. OnStrategy Training (if applicable) (60 Minutes)
- IV. Wrap Up

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.

OnStrategy

GOAL CASCADING

WHAT IS STRATEGY REALLY?

Good strategy is characterized by....

- A clear direction and reason for existing
- Diagnosis of the situation/challenge
- Choice of an overall **guiding approach/policy** that directs and constrains action without fully defining its containment. Like guardrails on a highway.
- Design of **coherent, coordinated actions** to address the challenge

Who must do what by when?

Definition:

Functional goals/action items support the accomplishment of the annual objectives and align with individual performance plans.

Outcome:

Goals at the manager and individual level that clearly explain who is doing what by when with a clear deliverable.

THE ANATOMY OF A GOOD SHORT-TERM GOAL OR ACTION ITEM



HOW CASCADING GOALS WORK



SPREADING GOALS TO DIFFERENT DEPARTMENTS

		DEPARTMENTS			
		Manufacturing	IT	Marketing	HR
CORPORATE GOALS	1. Improve net income by 10% by 12/31/11.	X		X	
	2. Improve customer loyalty by increasing retention by 15% by 12/31/11.	X	X	X	
	3. Increase employee retention by reducing turnover by 5% by 9/30/11.		X		X
	4. Improve operational efficiency through the implementation of an ERP system by 6/30/11.		X		

GOAL CASCADE

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	<i>Assigned to Department responsible for seeing this goal completed. Must have Target & Measure</i>	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

EVERYONE KNOWS THEIR PRIORITIES

BUSINESS AREA - FY13 GOALS AND METRICS

*Red= KPI (Key Performance Indicator)

FY13	Owner	Metric	Actual as of 03/23/12	FY13 Target
Financial: Achieve projected product revenue of \$19 million (core surf) and \$45 million all distribution	Jason	Surf Product Total Sales (Surf Dist.)	\$14,668,101	\$19M
		Surf Product Total Sales (All Dist.)		\$45M
Product: Oversee process to ensure successful FA13 launch of men's and women's lifestyle - full surf collection. T-Shirts: Fill in/add more T's by SP13. Develop a strategy for phasing out old product for FA13 re-launch of all styles.	Lee	% complete; Full surf collection	100%	100%
		# or % additional new T's		TBD
Boards: Increase output of finished goods to 1400.	Fletcher / Jason	Boards - Output of finished goods	975	1,400
		Boards - Sell Thru at Retail	\$566,734	TBD
Innovation: Yulex: Second material prototype in testing; decision pending for custom suit rollout. Based on 2011-12 testing result, launch a small program of custom suits FA13.	Jason/Lee	% complete; launch custom suits		100%
R1: Launch new wetsuit - new gasket and <u>polylining</u> .	Jason/Lee	Wetsuit Sales	\$1,429,797	TBD
Seasonless: Begin to execute on the plan for three deliveries per season, beginning with the FA13 <u>surfline</u> - matching surfs go-to-market selling calendar.	Lisa / Lee	# deliveries per season	Starts in F1	3

Business Area:
VP Goals

DIVISION - FY13 GOALS AND METRICS

FY13	Owner	Metric	Actual as of 03/23/12	FY13 Target
Financial: Achieve projected product revenue of \$19 million (core surf) and \$45 million all distribution	Jason	Surf Product Total Sales (Surf Dist.)	\$14,668,101	\$19M
		Surf Product Total Sales (All Dist.)		\$45M
Product: Oversee process to ensure successful FA13 launch of men's and women's lifestyle - full surf collection. T-Shirts: Fill in/add more T's by SP13. Develop a strategy for phasing out old product for FA13 re-launch of all styles.	Lee	% complete; Full surf collection	100%	100%
		# or % additional new T's		TBD
Boards: Increase output of finished goods to 1400.	Fletcher / Jason	Boards - Output of finished goods	975	1,400
		Boards - Sell Thru at Retail	\$566,734	TBD
Innovation: Yulex: Second material prototype in testing; decision pending for custom suit rollout. Based on 2011-12 testing result, launch a small program of custom suits FA13.	Jason/Lee	% complete; launch custom suits		100%
R1: Launch new wetsuit - new gasket and <u>polylining</u> .	Jason/Lee	Wetsuit Sales	\$1,429,797	TBD
Seasonless: Begin to execute on the plan for three deliveries per season, beginning with the FA13 <u>surfline</u> - matching surfs go-to-market selling calendar.	Lisa / Lee	# deliveries per season	Starts in F1	3

Division Level:
Director Goals

TEAM - FY13 GOALS AND METRICS

FY13	Owner	Metric	Actual as of 03/23/12	FY13 Target
Financial: Achieve projected product revenue of \$19 million (core surf) and \$45 million all distribution	Jason	Surf Product Total Sales (Surf Dist.)	\$14,668,101	\$19M
		Surf Product Total Sales (All Dist.)		\$45M
Product: Oversee process to ensure successful FA13 launch of men's and women's lifestyle - full surf collection. T-Shirts: Fill in/add more T's by SP13. Develop a strategy for phasing out old product for FA13 re-launch of all styles.	Lee	% complete; Full surf collection	100%	100%
		# or % additional new T's		TBD
Boards: Increase output of finished goods to 1400.	Fletcher / Jason	Boards - Output of finished goods	975	1,400
		Boards - Sell Thru at Retail	\$566,734	TBD
Innovation: Yulex: Second material prototype in testing; decision pending for custom suit rollout. Based on 2011-12 testing result, launch a small program of custom suits FA13.	Jason/Lee	% complete; launch custom suits		100%
R1: Launch new wetsuit - new gasket and <u>polylining</u> .	Jason/Lee	Wetsuit Sales	\$1,429,797	TBD
Seasonless: Begin to execute on the plan for three deliveries per season, beginning with the FA13 <u>surfline</u> - matching surfs go-to-market selling calendar.	Lisa / Lee	# deliveries per season	Starts in F1	3

Team Level:
Manager Goals

INDIVIDUAL CONTRIBUTOR - FY13 GOALS AND METRICS

FY13	Owner	Metric	Actual as of 03/23/12	FY13 Target
Financial: Achieve projected product revenue of \$19 million (core surf) and \$45 million all distribution	Jason	Surf Product Total Sales (Surf Dist.)	\$14,668,101	\$19M
		Surf Product Total Sales (All Dist.)		\$45M
Product: Oversee process to ensure successful FA13 launch of men's and women's lifestyle - full surf collection. T-Shirts: Fill in/add more T's by SP13. Develop a strategy for phasing out old product for FA13 re-launch of all styles.	Lee	% complete; Full surf collection	100%	100%
		# or % additional new T's		TBD
Boards: Increase output of finished goods to 1400.	Fletcher / Jason	Boards - Output of finished goods	975	1,400
		Boards - Sell Thru at Retail	\$566,734	TBD
Innovation: Yulex: Second material prototype in testing; decision pending for custom suit rollout. Based on 2011-12 testing result, launch a small program of custom suits FA13.	Jason/Lee	% complete; launch custom suits		100%
R1: Launch new wetsuit - new gasket and <u>polylining</u> .	Jason/Lee	Wetsuit Sales	\$1,429,797	TBD

Staff Level:
Individual Con.
Goals



PUBLIC SERVICES DRILLDOWN: SUPPORTS THE STRATEGIC THEMES IN RED

1. ENSURE A SAFE AND SECURE COMMUNITY
2. PRESERVE OUR SENSE OF PLACE
3. PROACTIVELY PLAN OUR LAND USE, INFRASTRUCTURE AND CONNECTIVITY. UNITE LAND USE WITH FUNCTION.
4. PROTECT OUR NATURAL AND ENERGY RESOURCES.
5. FOSTER A VIBRANT ECONOMIC ENVIRONMENT
6. OPERATE AN ACCOUNTABLE, RESPONSIVE AND ENGAGED CITY GOVERNMENT

PUBLIC SERVICES DRILLDOWN: SUPPORTS THIS CITY-WIDE GOAL

5. FOSTER A VIBRANT ECONOMIC ENVIRONMENT

5.1 Re-establish downtown as the City's civic and cultural center.

5.2 Actively drive and invest in a regional approach to economic development.

5.3 Continue to develop Las Cruces as a tourist destination.

PUBLIC SERVICES DRILLDOWN: DEPARTMENT-SPECIFIC OBJECTIVE

5. FOSTER A VIBRANT ECONOMIC ENVIRONMENT

5.2 Actively drive and invest in a regional approach to economic development.

5.2.1 Continued support of MVEDA and its mission.

5.2.2 Update the City's Economic Development Plan.

5.2.3 Promote economic development in the West Mesa Industrial Park and the Airport

5.2.4 Continue to promote Las Cruces area as a movie/film destination.

PUBLIC SERVICES DRILLDOWN: TEAM-SPECIFIC OBJECTIVE

5. FOSTER A VIBRANT ECONOMIC ENVIRONMENT

5.2 Actively drive and invest in a regional approach to economic development.

5.2.2 Update the City's Economic Development Plan.

5.2.2.1 Offer administrative ease through fast track permitting.

5.2.2.2 Support a competitive utility rate structure.

5.2.2.3 Attract sustainable energy industries.

ENSURE HONEST AND OPEN COMMUNICATION TO DRIVE ALIGNMENT AND MANAGING TO THE PLAN.

A view from the staff perspective:

- Clearly explain the organization's three to five key objectives. And tell me why.
- Connect the big strategies with what you need me to do differently on “Monday morning, 8 am”—connect with my to-do list.
- Be specific and pragmatic. I need to know exactly what is expected.
- Create excitement and passion.
- Give me resources for at least two to six months (at least the first time).

SAVING YOUR DECISIONS

Update your [Goals here.](#)

BUDGET

METHODS FOR CONNECTING BUDGET TO PLAN

1. Zero-based budgeting

- Most severe - not likely to occur if this is not already part of your management approach
- Best way to align resources to strategic priorities

2. StratEx Budget

- Identification of goals or ideas that are outside of the current budget as “above normal operations”
- Ask managers to identify resources requirements during goal setting in terms of magnitude (\$, \$\$, \$\$\$)

3. Strategic Initiative Budget

- Similar to the above, but the pool of dollars is not distributed to functions, but rather managed as “strategic initiatives”
- Same ask to have managers identify those ideas that are outside of normal ops

4. None of the above

SAVING YOUR DECISIONS

Set your [Budget here.](#)

TEAM PRE-WORK FOR SESSION #6

1. Read the Phase 4 Guide: Managing Performance.
2. Build out Department or Individual Action Plans in OnStrategy.

BUILD YOUR PLAN PART 2: STEP-BY-STEP

1. Send out the Communication referenced in Tuesday's email to your planning team
2. Conduct Planning Session #5 with your planning team
 - a) Review Corporate Goals
 - b) Clarify Goal Cascading Process
 - c) Introduce/Train OnStrategy
 - d) Clarify the Strategic Plan's Role in the Budgeting Process