# 10 Keys to Effective Strategic Planning

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I'M THINKING OF GETTING INTO THE STRATEGIC PLANNING GAME.
Dilbert.com DilbertCartoonist@gmail.com
IF I UNDERSTAND THE JOB DESCRIPTION, YOU BASICALLY HALLUCINATE ABOUT THE FUTURE AND THEN SOMETHING DIFFERENT HAPPENS.
12-17-14 ©2014 Scott Adams, Inc. /Dist. by Universal Uclick
YOU ALSO HAVE TO PRETEND IT'S USEFUL.
REALLY? THAT SOUNDS HARD.

MY NEW FIVE-YEAR PLAN LOOKS LIKE THIS.
PLAN
1 2 3 4 5
www.dilbert.com scottadams@aol.com
HOW CAN YOU HAVE A FIVE-YEAR PLAN WHEN YOU DON'T KNOW WHAT WILL HAPPEN IN FIVE MINUTES?
2-8-08 ©2008 Scott Adams, Inc./Dist. by UFS, Inc.
WE HAVE THIS ROOM NOW.
BAD TIMING. SHOO! SHOO!

# AGENDA

Strategy Vs. Strategic Planning

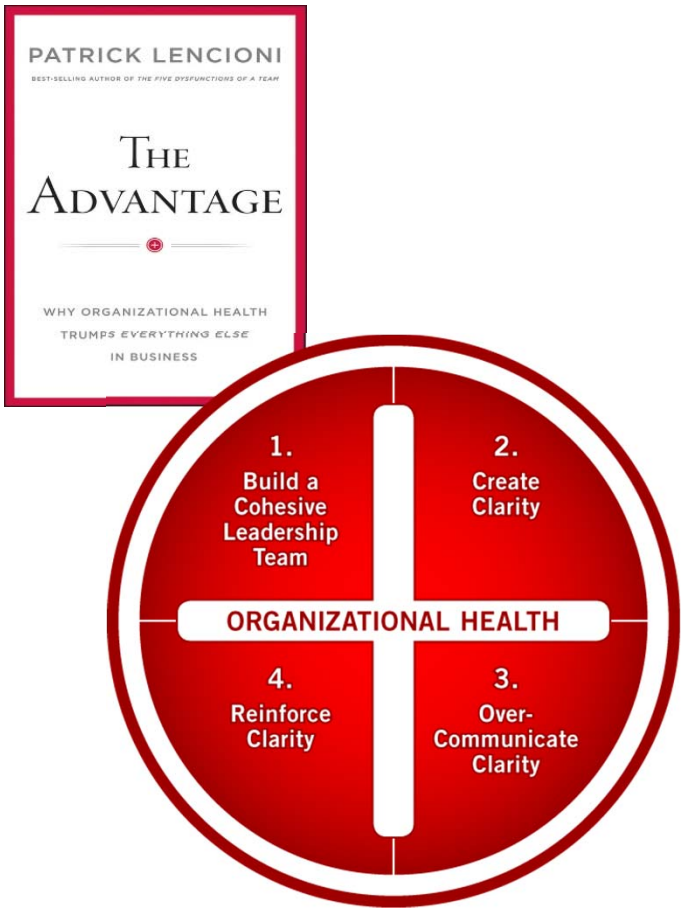
Why a Strategic Plan?

10 Keys to Effective Planning

Then, What?

# Difference between strategy and strategic planning?

# What is Strategy?




## Strategy = How will we succeed?

A set of **intentional** **decisions** a company makes to give itself the best chance to **thrive** and **differentiate** from competitors.

# Finding Your Greenspace

# Southwest's Strategy

Strategic Thinking Simplifies

# Southwest's Strategy

Strategic Thinking Simplifies

Dear Mrs. Crabapple,
We will miss you.
Love, Herb

# Strategy is about Choices

- **Meaningfully** different
- Insanely **disciplined**
- **Reinforcing** activities
- It's as much about what you **aren't going to do**

# A Strategic Plan?

**A PLAN!**

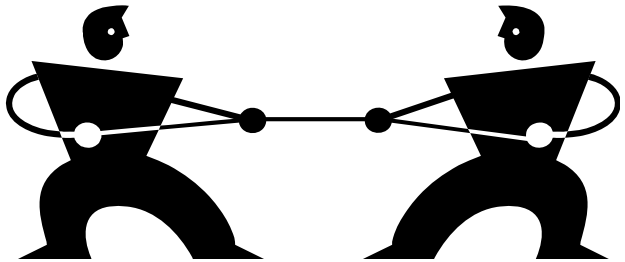
- Clearly state where you're going
- Organize yourself
- Prioritize and Focus
- Facilitates clarity – communicate and reinforce
- Provides a framework for accountability

# *Failure to plan is planning to fail*

WE HAVE A
STRATEGIC
PLAN.
IT'S CALLED
DOING
THINGS.
- Herb Kelleher -

## Strategic Plan

- Longer Term
- Sets the direction
- Clarifies Priorities
- Gives context and filter for big decisions



VS.

## Operational Plan

- Foundation for annual budgets
- Concrete action plans
- Holds people accountable
- Measure progress

# 10 Keys to effective Strategic Planning

# #1 Avoid Terminology Soup

IFBSolutions

# OUR 5-YEAR PLAN

## Our Vision

To be America's leader in building life-changing opportunities for people who are blind

## Our Goals

**1.1M**
Achieve 1.1 million **blind work hours**

**$175M**
Achieve $175 million in **sales revenue**

**3%**
Achieve 3% **return** to working capital

**$3M**
Achieve $3 million in **annual contributions**

## Our Approach

- **Deliver** on Our Promises
- **Build** Strong Relationships
- **Remain** Mission-focused
- **Understand** the Federal Government

## Our Priorities

**CREATE** an Accountable Culture

**OPTIMIZE** Our Portfolio Mix

**IMPROVE** Efficiency & Process

**EXPAND** External Influence

## Our Values

- Ethical to the Core
- Commitment to Excellence
- Business with a Heart
- Mission Possible
- Creative Solutions

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## Strategic Priorities

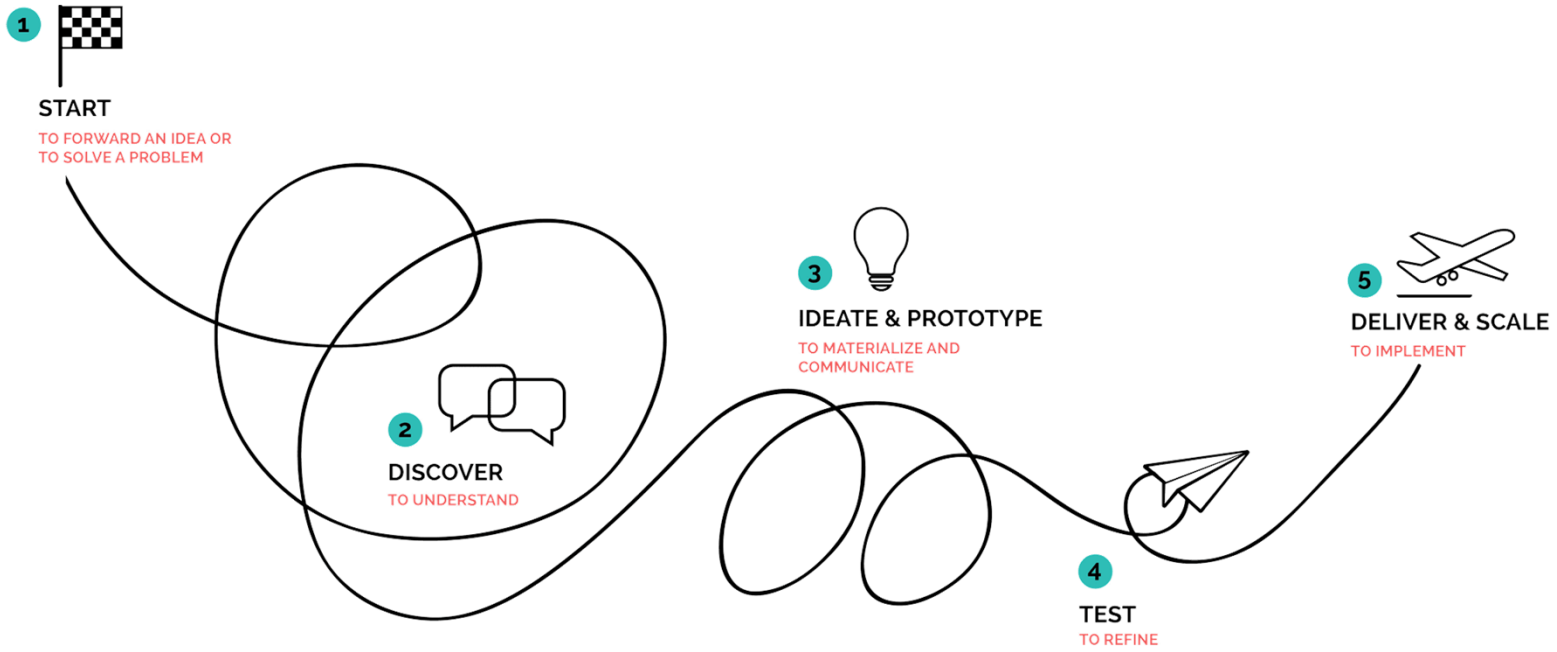
- **Accountable Culture**
- **Efficiency and Process Improvement**
- **Optimize portfolio mix**
- **Expand external influence**

| | Objectives | Strategies |
|---|---|---|
| **Accountable Culture (David Hampton)** | Continual improvement of accountability by x%. (measured every 2 – 3 years).<br><br>Goals cascaded throughout the organization. | • Create an accountability model. (Hampton)<br>• Evolve to an organization where individual development is the responsibility of both the individual and the organization. (Hampton)<br>• Improve IFB's communication frame work. (Horton) |
| **Process/Efficiency Improvement (Danny Kelly)** | Improve direct labor productivity by 10%<br><br>Reduce Operating Expenses to 27% - 30% of Revenue (TBD) | • Institute company-wide performance and productivity metrics. (Danny)<br>• Establish a data-driven decision-making platform and process (Silas)<br>• Infuse quality and efficiency best practices to fundamentally change the culture of the organization (Danny) |
| **Optimize Portfolio Mix (Ken Edwards)** | At least 60% of the portfolio mix will be comprised of business lines with a positive return to working capital while maintaining an overall 75% blind ratio<br><br>10% of revenue derived from new products and/or new markets | • Grow ecommerce (Silas) and optical (Danny)<br>• Divest or improve bus lines with a negative RTWC and / or ratio <= 75% (Rob Burgess)<br>• Create M&A, business development and sales-driven discipline with a defined organizational structure (Horton) |
| **Expand External Influence (David Barnwell)** | Earn the business of 35% more new customers and donors | • Engage employees, volunteers and the community to become advocates (Barnwell)<br>• Active government relations efforts including strengthening customer participation and compliance (Barnwell)<br>• Develop alternate distribution channels for current products and services. (Ken) |

# Definitions to consider

| | |
|---|---|
| **MISSION:** | What we do (aka "**Purpose**" or "**why we exist**") |
| **VISION:** | Where we're going |
| **VALUES:** | A small set of vital and timeless guiding principles |
| **GOALS:** | Long term (**BHAGS**) and short term |
| **PRIORITIES:** | 2- 4 major focus areas for the next few years. |
| **OBJECTIVES:** | Quantifiable success measures for each priority |
| **STRATEGIES:** | **How** you will attack each priority |
| **STRATEGIC ANCHORS** | How we win (aka "**our approach**" or "**competitive differentiation**") |
| **PROJECTS:** | Big buckets of work with dates, milestones, and owners |

# #2 Plan to iterate



# #3 Start with the end in mind

Life's Better IAMS

*To be recognized as the world leader in dog and cat nutrition.*

LENSCRAFTERS

***Best at helping the world to see***

THE CLEVELAND ORCHESTRA
FRANZ WELSER-MÖST
MUSIC DIRECTOR

***To be ranked as one of the top 3 orchestras in the world.***

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GMi companies.

***To provide distinctive products and experiences resulting in a feeling of "That's Exactly what I wanted!"***

Whiteboards

Mobile Whiteboards

Glassboards

Bulletin Boards

Enclosed Boards & Letter Boards

Easels

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IFB Solutions

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# What's your vision for the future?

Take a minute to think about what you want your company or department to look like 3 – 5 years from now?  What's different?  Where are you headed?

# #4 Get outside input

# #5 Involve Others

# #6 Go hard on the “soft stuff”

# Core Values

- Hire, Fire, Reward
- Who do you want to clone and why?
- Who doesn't fit the culture?

# #7 Encourage Healthy Debate

# #8 Make Clear Decisions

# #9 Make a “STOP-DO” List

# #10 Simple. Concise. Actionable

GMi companies

# Our Vision

To provide distinctive products & experiences resulting in a feeling of

**That's exactly what I wanted!**

## Strategic Framework

### Who We Are

We are a family owned manufacturer, proud to sell "Made-in-America" products to other businesses and institutions. We manufacture to give us the ability to give our customers exactly what they want. Our strength is driven by delivering what our customers want quickly and as promised.

### Our Purpose

GMi Companies will be known for service to customers, employees and the community. In order to accomplish these goals GMi must achieve continuous profitable growth.

### Our Competitive Advantage

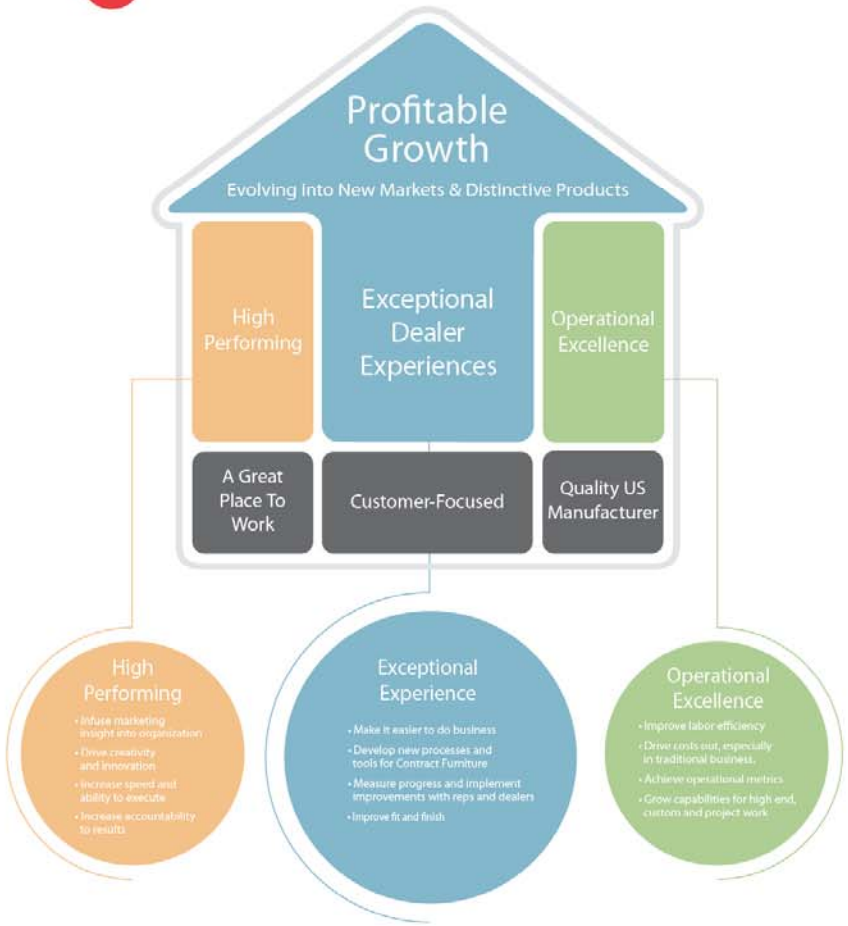
To be a market-driven organization with customer intimacy as our primary focus. Our differentiation is "how" we do business with our customers providing them with the best total solution. We seek customers that value this approach.

### Our Culture

We have a culture based on understanding our markets, our customers, and our employees. We routinely innovate to improve products, processes and customer experiences. People willingly hold themselves accountable for delivering what they promise. This attitude results in exceptional performance. We promote safety first in all our operations.

### Our Core Values

- Drive and embrace change
- Encourage open communication
- Be caring and compassionate
- Preserve the environment
- Promote Teamwork
- Do the right thing




## 2014 Division Strategies

### Ghent

Change the mix to higher margin products and maintain revenue levels in current markets. Concentrate new growth in contract furniture, leveraging new processes and products to other channels.

### VividBoard

Priority is healthcare; explore higher ed. Support Contract Furniture reps and dealers to proactively sell. Better engage traditional dealer network, while growing our capability for direct sales.

### Waddell

Upgrade and reposition Waddell as "display solutions" including new offerings for contract furniture (office and higher ed). Exploit e-commerce, better engage traditional dealer network, and build direct sales approach to government and other end-users.

| Division | Contract Furniture | E-Comm | Independent Dealers | Direct Sales |
|---|---|---|---|---|
| Ghent | ☑ | ☑ | ☑ | -- |
| VividBoard | ☑ | -- | ☑ | ☑ |
| Waddell | ☑ | ☑ | ☑ | ☑ |

### 2014 Key Results Measures

- Sales and income goals for all divisions
- Strategic revenue targets in contract furniture, e-commerce, independent dealers, and direct sales
- 12 CF projects per quarter (> $20,000)
- Dealer and end-user satisfaction of >8.8 in all divisions
- Reduce Freight damage to <1.5% GH; < 1% WD & VB
- Improve on-time delivery to ≥ 95% in all divisions
- Inventory Accuracy ≥ 95%
- Launch 4 significant new products
- Increase % of Ghent higher value items from 4.9% to 6.7%

March 5, 2014

Company Confidential

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Draft 12/8/2017

# Strategies for Success

| Priorities | High performance Team Culture | Expand Knowledge & Expertise | Deepend & Broaden OEM Relationships | Explore & Exploit GSA, Online, Lab |
|---|---|---|---|---|
| Objectives | Financial performance on people assets (SG&A Effectiveness, ratios, etc.) | Grow OEM's from $16.7m today to $18.9 m in 2020 | | Explore and grow Lab market from $1.2 m to $4.1 m |
| | Increased talent rating (A&B players) of teammates x% | | | Replace dealer revenue with profitable sales through distributor |
| | Net profit of 10% | Increase diversity in OEM's -- Steelcase to be < 48% of OEM revenue (down from 52% today) | | 100% growth in GSA/TSMAS dealers |
| | Unplanned turn-over (A&B players) at or below 10% | | | Grow alternate dealers (online/pro service) to $1m |
| Projects/Strategies | **Develop Culture Change Plan...** (Executive Coaching, assess current habits; define leadership expectations; leadership competency model; reinfoce core values into org. systems, reconcile hungry, humble and smart, identify primary employee engagement awards/targets/goals, structured prof. development; strengthen the bench) | **Formalize process for collecting information, research & implementing solutons.** (Identify end game and who's responsible, what data do we need to drive decisiosn, by role -- leadership team, customer-facing, prod. Dev/engineering?; collect market data -- landscape, competitors, marketshare.) | **Create future state customer-relationship team profile** (gap analysis and implementation plan; create teams, hunters and farmers, talent assessment, right people calling on right people; including creating OEM sales strategy. | **Explore and understand GSA to create strategy and plan** |
| | **Define company functions and ownership** | **Re-organize** with focus on emphasizing customer needs | **Complete restructure of dealer market** (including implementaton; plan for revenue replacemetn, plan to work out of the dealer market) | **Define online strategies and owners** |
| | **Communication plan** to articulate and reinfoce the vision/mission/goals/priorities | **Research top 8 OEM's including Lab** | **Profile top 8 customers to create profile of ideal customer and detailed account plans.** (develop tool to go get it -- include lifetime value, rank for leverage and fit, profitability and action; key influencer matrix) | **Assess organizational impact** by engaging with 2 - 3 online platforms to test viability -- relationships, contracts, business rules, product information and set up |
| | **Customer satisfaction measurement strategy** | **Create and deliver training on OEM's to professional staff** (their products, pain points, target markets) | **Customer journey mapping process and value proposition development** | |
| | **Develop overall Talent Strategy** (Raise the bar; required talent, evaluate, recrutiing, training) | **Package and share research to test receptivity and collaborate with a few OEM partners with the first set of data.** (Create "insight sales" methodology; then train sales force). | **Identify next markets to explore** -- evaluate and analyze gaps, decide and determine next steps and who's responsible. | |

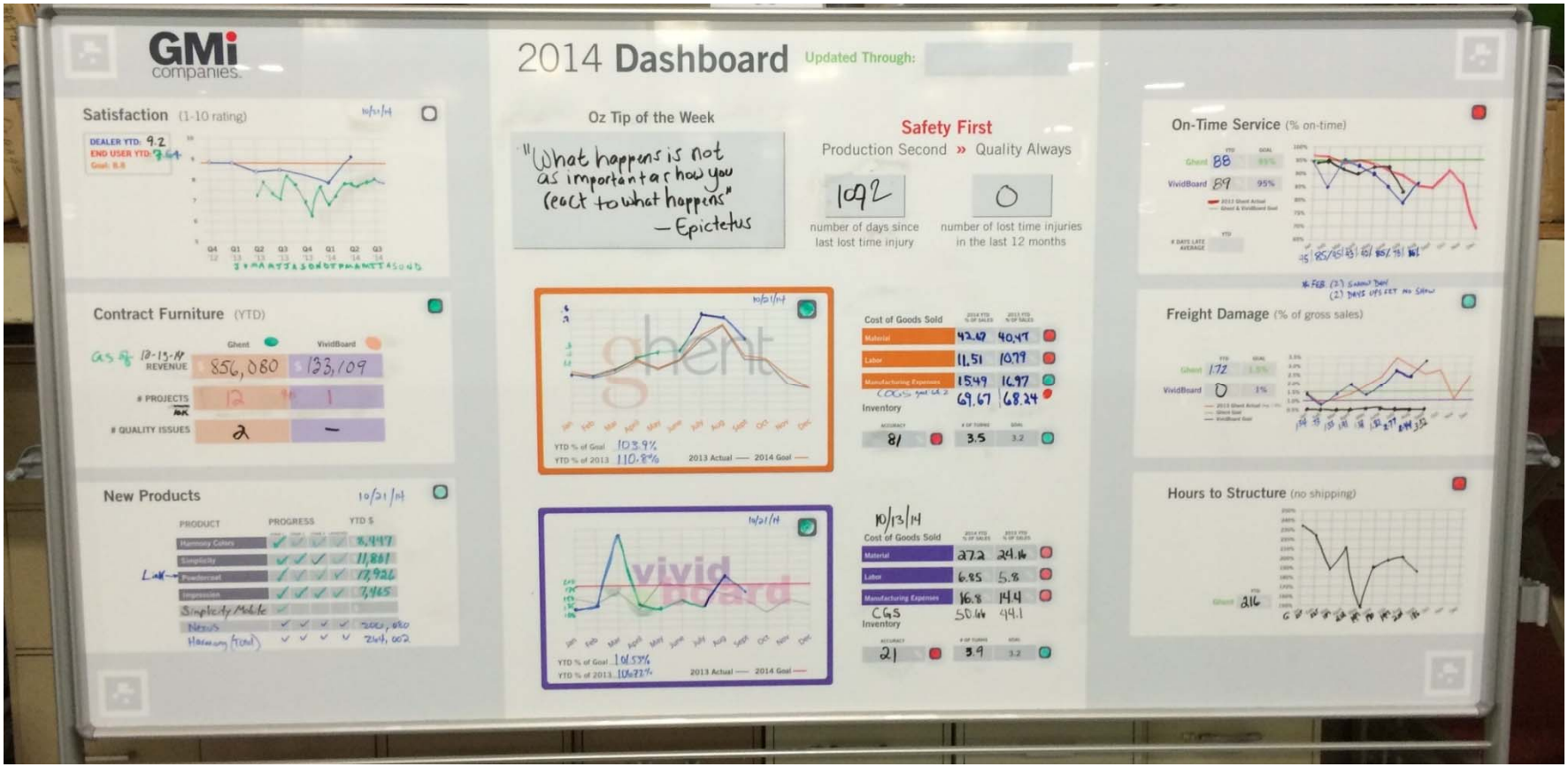
# 10 Keys to effective Strategic Planning

1. Avoid Terminology Soup
2. Plan to Iterate
3. Start with the end in mind
4. Get outside input
5. Involve others
6. Go hard on the “soft stuff”
7. Encourage debate
8. Make tough decisions
9. Make a “stop-do” list
10. Simple, concise, actionable!

# 5 Tips for Execution

1. Communicate, Communicate, Communicate.
2. Annual Operating Plan – What do you want to get done by the end of this year?
3. Quarterly Deliverables – Think in a 12-week year
4. Annual Dashboard
5. Add Accountability Systems and Skills

# Dashboard Example



# Final thoughts about strategic planning

It's **your** plan.

It's **hard** work.

It's **dynamic** not static.

**You** make it happen.