

ONE-PAGE STRATEGIC PLAN: HOW TO COMPLETE

by Verne Harnish

BEFORE GETTING STARTED – Bullet Points:

VISION – A DREAM WITH A PLAN – Most people don't have visions, they have dreams. The one-page planning document guides you to answer 7 simple questions around your dream – **Who, What, When, Where, How, Why** and the always difficult “but **Should we or Shouldn't we?**” You'll see these anchor questions at the top of each column of the one-page planning document and **bolded** below to provide you a verbal and visual clue to match the “how to” sections with the appropriate columns on the form.

TWO OVERARCHING IDEAS – Alignment and Simplicity. The one-page planning document is designed to encourage simplicity (there's not a lot of space to write, so you must be concise and focused) and alignment (think of the document as a crossword puzzle, where figuratively “4 down” needs to align with “7 across.”).

FOUR KEY DECISIONS – Essentially the “bottom lines” of the form:

- 1) Getting the Right People (aligned with the Core Values and Purpose)
- 2) Long Term Goal – BHAG
- 3) Strategy – Brand Promises and X Factor
- 4) Short Term Focus – Critical Number(s) for the year and each quarter

If you get these decisions right, everything else falls into place much easier. And you'll likely dominate your industry, have three to five times industry average profitability, have a lot of cash, and will grow revenues at twice the industry average. In addition, customers and employees will be attracted to your business.

DOWNLOAD PLANNING DOCUMENT -- You can download an English, French, or Spanish Word editable one-page planning document at www.gazelles.com – click on the download forms link next to the picture of “Mastering the Rockefeller Habits” or the “One-Page Strategy Plan” link under the Gazelles Featured Downloads heading on the home page. There are two versions:

- 1) The original one-page plan
- 2) A modified plan that provides a listing for all four quarters on the right hand side of the document and the theme and personal priorities on the back side.

REPLACE LOGO – feel free to take all references to Gazelles off the document, except the copyright, and replace with your own logo and company information.

REPLACE HEADINGS – call them Core Values, Core Purpose, Brand Promise, Rocks, etc. OR NOT!!! Feel free to come up with your own unique language within the firm. HP calls their core values the HP Way. Some prefer the term Principles or Guidelines instead of Core Values. Some people find the term “Rocks,” as a label for quarterly priorities, awkward. Again, it’s up to you. The document is meant to serve as a guideline.

USE BLANK DOCUMENTS – there’s a tendency to provide people with completed or semi-completed one-page plans during planning sessions. I highly suggest you pass out blank plans at the beginning of the session and have everyone fill them in by hand – there’s something about re-writing the core values, purpose, BHAG, etc. each quarter that helps hardwire them into your brain and better connects each person to what is said and decided. Besides, there’s not that much to write!

PROJECT UP ON A SCREEN – to facilitate the process, use an LCD projector and display the document up on a large screen. Designate someone to fill it in electronically so it can be immediately emailed to all the participants – and it facilitates everyone filling in their own documents by hand when they can see it up on the screen.

QUARTERLY vs. ANNUAL (timing and agendas) – the annual planning session is typically two days and the quarterly planning session one day. The first half of each planning session (day 1 of the annual, morning of the quarterly) is spent reviewing the Opportunities and Threats and the first three columns. The second half (day 2 of the annual, afternoon of the quarterly) is spent on the 1 year column and then entire right hand page of the One Page Strategic Planning document. And with both planning sessions, I recommend the executive team have dinner together and then meet for a couple hours the night before the start of the planning session. This allows for the normal “catching up” to occur and provides a more informal setting to begin discussing longer range Threats and Opportunities and recall stories from the last quarter where the company “lived” its core values. It also gives the team an extra night to sleep on the conversations generated that evening.

PREPARATION:

1) SCAN MY BOOK – Have the executive team scan through my book “Mastering the Rockefeller Habits.” It will provide specific context for many of the items on the One Page Strategic Planning document. You can order autographed copies for your executive team at www.gazelles.com – just include their first names in the comments column on the order form and any message you would like me to convey (or I’ll add my own standard comments). The book is also available on Amazon.com.

2) READ COLLINS’ ARTICLE -- Have everyone re-read Jim Collins’ HBR article “Building a Company Vision” – download for \$6 at www.hbr.com – at least do this the first few annual planning sessions until you’re comfortable with your

Core Values, Core Purpose, and BHAG – the first two columns of the one-page document. Also download and read “Turning Goals Into Results: The Power of Catalytic Mechanisms.” It’s also available at www.hbr.com for \$6. And you can go to www.jimcollins.com and download many of his other articles for free and he has several free interactive tutorials to help discover Core Values, Purpose, BHAG, etc. – I would read everything Jim has written!

3) READ SELECT ARTICLES – Go to www.gazelles.com and click on Articles under the Resources dropdown menu at the top of the home page. You’ll see several short articles I’ve written that will be helpful in the planning process – pick those that align with the issues facing the firm whether its sales, marketing, picking Brand Promises, etc.

4) EMPLOYEE SURVEY -- A few weeks prior, conduct an employee survey. Their insights are often helpful in determining the quarterly or annual theme and Critical numbers since they are closer to the customers and are immersed in the daily processes of the business. Many firms are using zoomerang.com to make it easier to administer. I Suggest three simple questions:

- a. What should (enter company name) Start doing?
- b. What should (enter company name) Stop doing?
- c. What should (enter company name) Keep doing?

Alternatives include the sample employee questionnaires in the “Rockefeller Habits” workbook (used at the two-day workshop for those that have attended) or some modification of the 12 questions in the book “First Break All the Rules” by Marcus Buckingham – a book definitely worth reading if you have over 25 employees. The 12 questions asked of your employees determine if they feel they have effective leaders.

5) CUSTOMER FEEDBACK – Along with employee feedback, formally gather customer feedback. It’s best if this has been happening throughout the year, but making a concerted effort to have every executive call a few customers and get their feedback before the planning session can provide useful insights going into the planning session.

6) TOP THREE ISSUES -- Send out an email to those attending the planning session to ask them to email back “the top three issues they feel MUST be addressed/explored/answered at the upcoming planning session.” Compile these for review at the beginning of the planning session or just prior.

7) (OPTIONAL) SWOT ANALYSIS – conduct a separate Strengths, Weaknesses, Opportunities, and Threats (SWOT) exercise prior to the planning session – often you can send out an email to your executive team seeking their input – again, compile for use in the planning session.

WARNING: DON'T MOVE TOO QUICKLY THROUGH THE FIRST 2 or 3 COLUMNS of the planning document. There is a tendency in planning sessions to rush through the Opportunities & Threats section in the upper right hand corner and the first two or three columns of the planning document (Core Values, Core Purpose, BHAG, Sandbox, Smart Numbers, and Brand Promise/Strategic Anchors), especially after the team feels like they've nailed down the answers in previous sessions. Re-centering the team quarterly and annually is the key to making sure the quarterly and annual decisions are the best they can be. "When I go slow, I go fast" as the Chinese proverb states. Spending sufficient time on the first 3 columns almost always makes the answers in the Annual and Quarterly columns come more quickly and effortlessly. When a team doesn't spend sufficient time reviewing the foundation, they often struggle considerably more with the Annual and Quarterly columns.

FILLING IN THE ONE PAGE STRATEGIC PLAN: And suggested agenda for the planning session

DINNER AND WORKING SESSION THE NIGHT BEFORE (Optional) – as suggested above, its ideal if the planning team can have dinner the night before the formal start of the planning session then convene a two hour working session. Focus on broader conversations around Threats and Opportunities, preconceived ideas about the theme (quarterly or annual), and recount stories where the company "lived" its core values. It's a chance for the team to get some informal talk time and get their heads into the planning process – plus a night to sleep on the initial ideas generated.

OPENING REMARKS BY CEO – Reflect on the past quarter/year and then set the stage for the major conflict that will be resolved this planning session.

DETAILS: Great meetings are structured like great movies according to Pat Lencioni in his latest book *Death by Meeting*. At the heart of all movies is a "conflict, then resolution" structure. Rather than open with something like "I'm glad all of you can be here to participate in this planning session (yawn)," instead set the stage with an opening line like "We face stiff competition from XYZ, the marketplace for our services are heating back-up, and we're being hindered by our ... so this next two-days are critical in figuring how we address these challenges and maximize our opportunities..." or something like "we've been offered the greatest opportunity to gain market share in 5 years, it's for us to figure out how to make it happen..." or "this is the year we must make the kinds of profits we expect from a great company." Pick-up your hints from the PREPARATION work – the employee survey, the customer feedback, top 3 issues lists, and the SWOT analysis.

GOOD NEWS STORIES – Share a round of good news stories – sometimes this precedes the Opening Remarks By CEO or occurs the night before if you host the optional evening session – your decision.

DETAILS: Following the opening remarks, you want to set a positive tone, loosen everyone up, and help the team connect as people by taking 10 minutes and have everyone share a piece of good news personally and professionally – good news from the previous week or two. Keeping it current helps keep it relevant and fresh. The professional good news allows the team to count its blessings and the personal good news always brings a laugh or two – a powerful way to de-stress, slow the brain down to the alpha state (7 – 14 cycles per second), and help keep even the most dreaded issues in perspective. And use it as an early gauge if someone is particularly stressed or disturbed coming into the meeting.

START FILLING OUT FORM

CAUTION: It's your call, but I would resist jumping in and reviewing the past quarter in detail at this time (beyond the brief opening remarks of the CEO as outlined above). Once you open that Pandora's Box, it's hard to get it shut. Teams tend to get sucked right into the minutia, getting caught up in the details and making it difficult to step back from the trees and talk more strategic about the direction of the firm (could I have incorporated more clichés in one sentence!!). I suggest you start more broadly – after all, it's a strategic planning session, not a weekly executive team meeting or monthly review session. And if those weekly and monthly meetings have been effective, the quarter has been covered and everyone should be well briefed on the current state of the company.

ORGANIZATION NAME/NAME/DATE: Enter name of company, division, or department represented by the planning team. Then place your own name and date of planning session on the form.

DETAILS: Two key points – 1) Does everyone call the company the same name? 2) Departments and/or divisions can have separate planning pyramids, so long as there's alignment with the company's plan.

Elaborating on the first key point, there are various times in the life of a company where there's not alignment around the name of the firm – is it the complete name including the “Inc.,” should we use the acronym instead of the full name (i.e. 3M and IBM); have some of the words within the name been dropped (Partnership, Group, Consulting Firm); has a nickname become more prevalent (i.e. FedEx); or is it time to completely rename the firm to something that better reflects what the firm does? One hint – how does the automated attendant and/or receptionist answer the phone? How do you answer the phone? Most of the time, filling in the organizational name is a 10 second exercise. However, don't take this step for granted if there are any questions around the name – alignment begins here.

Elaborating on the second key point, the one-page document is useful for departmental and divisional plans. Yet, how much of the company's plan should remain the same on the other plans? Clearly, the first two columns (Core Values,

Core Purpose, and BHAG), although the Actions the department/division will take in the next ninety days to bring this Core Ideology (what Jim Collins calls Values, Purpose, and BHAG collectively) alive will be specific to the department/division. And in many cases, the third column will remain the same as well. It's the Annual and Quarterly columns where the division or department will want to delineate their specifics as they align with the company's annual and quarterly goals and priorities.

Adding your own name and date of the planning session to the form should be considerably easier!!

OPPORTUNITIES/THREATS (upper right hand corner of one-page plan) – What are the top 3 – 5 Opportunities to wildly exceed your plan over the next 24 – 36 months (if you're doing the annual plan) and what are the top 3- 5 Threats that could derail your plans.

DETAILS: Take some time and really discuss these two columns. If you did a more formal SWOT analysis, this is where you want to make some decisions to reduce the list to a handful of issues. A key question is “so how far out should we be considering, what is the time frame?” The idea is to look out beyond the immediate planning horizon. Thus, if you're conducting an annual planning session, you want to consider Opportunities and Threats (O's and T's) over the next 24 – 36 months. If it's a quarterly update, consider O's and T's over the next 12 months.

Because Os and Ts are two sides of the same coin, many issues can be placed in either column. Simply place in the column that feels right.

If you take sufficient time to discuss these columns, many of the quarterly, annual, and even 3 – 5 year priorities will fall into place. At a one-day quarterly planning session I suggest spending 45 minutes of this activity. At a two-day annual, spend up to 1.5 hours. This is the chance to really step back and conduct some blue-sky thinking – and when is the last time you did that as a team?

Some teams will spend time the night before in informal conversations (over dinner or just after) about potential Opportunities and Threats. It also gives you another night to sleep on the ideas and issues generated before addressing them the next morning.

CORE VALUES (SHOULD or SHOULDN'T) – List your core values in the first column and then relate stories from the past 3 to 12 months that represent each core value. Consider which core value needs reinforced or emphasized next (and will support your likely next quarterly theme) and circle it. If you don't have your core values discovered yet, go back to Jim Collin's “Building a Company's Vision” article I referenced above and do the Mars Mission exercise he outlines.

DETAILS: Have each executive take time to write down each core value (helps to remember them, which is why we don't like companies to pass out a partially

completed form – use blanks each time) AND have them make a one or two word note next to each core value to designate a situation or story from the past several months that represents a time when an individual or team demonstrated adherence to (“lived”) one of the core values.

Then take 20 minutes and have the executive team share stories for each core value, with someone taking notes. This will help to reinforce the core values; indicate where a core value might be weakening due to a lack of stories; and provide ongoing “legends” to add to your employee handbook, freshen-up your orientation, and provide stories for an internal or external newsletter. And it provides stories you will recall at the quarterly or annual all-hands meeting to reinforce the core values.

Pay particular attention to a core value where the team couldn’t think of any recent stories to reinforce the values existence!! If you’re new to core values, this might indicate it’s really not core. If you’re confident its core, then it may be a sign of bigger underlying problems ahead. A weakening core value is an early, early warning sign so pay attention and act.

CORE PURPOSE/BHAG (WHY) – List your core purpose and your BHAG (Big Hairy Audacious Goal – a term coined by Jim Collins and Jerry Porras). Discuss what you’re doing to reach both. Capture specific 90 day actions in the Actions boxes in the middle of the second column.

DETAILS: Your core purpose and BHAG are the big WHY for getting up in the morning and slugging away – they serve as the “heart” of the vision. Read Jim Collins articles referenced above. And they are in the same column because they must align. The core purpose is what you continue to strive to achieve, but never reach (the late Mother Theresa’s “love the poor” – she didn’t reach them all) while the BHAG is the measurable 10 to 30 year goal you intend to achieve.

Generally, the core purpose revolves around a single word or image and comes out of the impetus for why the founder(s) launched the company. Wal-Mart – Robin Hood; Disney – happiness; Nike – competitiveness; 3M – innovation; Microsoft – ubiquity; Starbucks – escape, etc. And the core purpose falls just short of the generic answer “save the world.” It’s your company’s contribution to making a difference. The BHAG – which must be ten years out; audacious, but not braggadocios; and align with your business fundamentals (i.e. your Brand Promises to the right in the third column) – must align with the core purpose. Microsoft’s BHAG for the 90s was “a PC on every desk and in every home” – for this decade its “software, anytime, anyplace, anywhere” – all steps in reaching “ubiquity.” Nike’s original BHAG was to Crush Adidas – a clearly “competitive” statement.

The Actions box in the middle of the column is to capture specific “to do’s” as your team thinks about what the company can do in the next 90 days to live your core values, core purpose, and BHAG. The column is actually a placeholder for

priorities that will eventually make their way onto someone's personal to do list for the quarter or into one of the other columns on the one-page document – thus, the small box to the right of each line item in the Actions box is where you'll place a checkmark to confirm that specific actions have been assigned someplace else on the plan.

3-5 YEAR COLUMN (**WHERE**)

FUTURE DATE, REVENUES, PROFIT, MARKET CAP -- Pick a comfortable point 3 to 5 years from now (i.e. Future Date Dec 31, 2006), determine desired Revenues, Profit, and Market Cap (market share, number of Fortune 500 clients, number of offices, etc serve as substitutes for Market Cap if you're not a public company). These are your desired financial outcomes.

SANDBOX – On the three lines delineate the sandbox you plan to dominate within the next 3 – 5 years. It's not meant to encompass everything you do, just what you want to dominate. Specifically, what will be your primary geographical reach (for Gazelles its U.S. and Canada, even though we're playing in Asia and Latin America and Eastern Europe already); what are your primary products and services (for us, 1 and 2-day exclusive executive development programs); and what is your market/distribution channel/customer-type (for Gazelles its mid-size firms between \$5 million and \$200 million in revenue – we have customers both smaller and larger, but this is our focus). Thus, our Sandbox is dominating the delivery of “1 and 2 day exclusive executive development programs for mid-size firms in the U.S. and Canada.”

BRAND PROMISES – On the three lines list the company's three Brand Promises – the three ways you both matter to your customers yet makes you different from the competition. And there is always one lead Brand Promise – the one that truly sets you apart from the competition and leads your marketing messaging – either list it first of the three or circle it.

DETAILS: Download my article on Brand Promises (www.gazelles.co – click on Articles under the Resources dropdown menu at the top of the homepage) for a more complete overview along with several links to websites of mid-size firms that have clearly identified their Brand Promise and are aligning all their decisions around delivering on that promise. In addition, the Jim Collins article I referenced above “Turning Goals Into Results: The Power of Catalytic Mechanisms” describes a powerful mechanism for guaranteeing that a firm delivers on its brand promise.

Examples of Brand Promises include:

McDonalds – Speed, Consistency, Fun for Kids

Southwest Airlines – Low Fares, Lots of Flights, Lots of Fun (what they call their 3 LFs)

Notice, cleanliness isn't listed for McDonalds – it was a differentiator early on, but now it's considered a table stake – what you have to have to just be in the game. The same with having low priced menu items for McDonalds – what they have to have just to be in the game. For Southwest Airlines, safety would be considered a table stake (thank goodness).

Two words are outlawed – Quality and Value. Value is what you're being asked to define – what are the three ways you're more valuable to customers vs. your competitors. And Quality is defined as consistently delivering on your promises. You have high quality when you deliver, low quality when you don't.

Your Brand Promises have also been referred to as your Unique Selling Proposition or your Value Proposition.

SMART NUMBERS: List three key metrics (often called Key Performance Indicators) that your team will look at daily and/or weekly to know that the company is progressing toward your goals.

DETAILS: Dell's executive team has looked at the same three numbers every day for several years – and these numbers appear on the computer screens of every employee worldwide that logs onto their computer. Typically, complex ratios, Dell's three numbers are called "Ship to Target," "Initial Incident Rate," and "First Time Fix." And they know these three numbers by division.

Big hint – the three key numbers you want to know daily should measure whether you're keeping your promises or not to the customers, thus the placement of the Smart Numbers right above the Brand Promises box. McDonalds has experienced a recent turnaround. The key was getting focused on the three Brand Promises and developing ways to measure speed, consistency, and fun for kids and report on these daily. You want to measure what matters, not what is easy to measure.

CAPABILITIES/KEY THRUSTS – What are the handful of priorities for the next 3 – 5 years necessary to reach your outcome targets (Revenue, Profit, Mkt Share), dominate your Sandbox, and deliver on your Brand Promises.

DETAILS: This box, like the other middle boxes, is filled in last after you've determined your outcome goals (metrics listed at the top of the columns) and your drivers (listed at the bottom). The idea is to triangulate into your handful of priorities. Typical 3 – 5 year priorities include items like:

- 1) Opening three new offices
- 2) Launching a new product line or service
- 3) Putting in place a key process or two
- 4) Pursuing an acquisition
- 5) Partnering with a key supplier, customer, or company in your market space
- 6) Filing x number of patents

ANNUAL COLUMN (WHAT)

METRICS (at the top of the column) – Like the 3- 5 year column, there are a set of measurable outcomes we feel are standard – fill them in and feel free to substitute more important outcome measures than the ones we’ve listed. For Inventory, we all have some equivalent – like utilization rate if you’re a professional services firm. Find some measures that indicate you’re not using your resources to their fullest extent – that indicates where you have resources just sitting around!

CRITICAL NUMBER(S) (at the bottom of the column) – This is the single most important decision you make coming out of the strategic planning process. After determining and revalidating the first three columns (your long-term vision), what is the number one measurable result you need to achieve in the next year that will **DRIVE** all the other desired outcomes? What is the key weakness in your business model that must be fixed? What is the major rock in your shoe? What is keeping you awake at night? What is causing you to loose customers? All of these are questions you can ask to get to the Critical Number, a term we’re using to align with the thinking of Jack Stack and his “Great Game of Business” (one of our key content partners). His latest book is “A Stake in the Outcome.”

We mention 1 or 2 critical numbers because its best if you pick a second key area around which to focus that provides balance to the first critical number i.e. if you’re driving increased inventory turns you might want to also measure inventory availability so you don’t fix inventory turns while sacrificing customer satisfaction.

INITIATIVES: What are the 3 to 5 priorities for the next year that support the Critical Number and desired annual outcomes while making progress on your longer-term Capabilities/Key Thrusts. It **ISN’T** necessary to have a one-to-one mapping between the 3 – 5 year priorities (Capabilities/Key Thrusts in the third column) and the 1 year priorities (Initiatives in the fourth column), but you must be consciously deciding not to do something this year about one of your 3 – 5 year priorities if that’s the case.

Often firms see the annual critical number as the measured outcome of their annual Theme. The handful of priorities are then the drivers, with each becoming a quarterly critical number i.e. what are the 4 or 5 things we have to do to increase or gross margin this year and then take one per quarter and make it the quarterly critical number.

QUARTERLY COLUMN (HOW)

METRICS – fill in like you did the annual column. The reason the lines are longer is so you can note, as you move from quarter to quarter, what the quarterly goal is and the Year-to-date (YTD) goal i.e. for second quarter we want Revenue to be \$3 million and \$5 million YTD.

CRITICAL NUMBER – what key driver must we accomplish this quarter to reach our annual critical number? Again, you can pick two that balance each other.

ROCKS – what are the handful of rocks you have to move (quarterly priorities) to reach your outcomes and meet your critical number.

NOTE: Less is more. Many firms are finding three priorities are enough for the quarter and the year. In addition, I don't typically allow firms to list items that are part of their ongoing business, whether it's raising money or launching upgrades, etc. The idea of priorities is to do something DIFFERENT so you're getting different results. Now, if a key part of your ongoing business is slipping, by all means, make it a priority.

THEMES COLUMN

Read the chapter “Mastering the Quarterly Theme” in my book. What's the deadline for the theme (doesn't have to be the end of a quarter or year – one entrepreneur made it his birthday “if we hit 200 contracts a week by my birthday, then ...”). What's the measurable target? What's the name of the Theme (make it catchy – this is where you put your marketing cap on)? What's the scoreboard going to look like? And what will the reward/celebration be when the goal is reached?

LAST COLUMN (WHO/WHEN)

After the plan is completed, each executive takes time to list their handful of priorities for the next quarter. Likely some of these priorities come from having accountability for a critical number or a quarterly or annual priority.

LAST NOTE – each box on the planning document should technically have an accountable person associated with it – and I mean every box. Who has accountability for Revenue? Who has accountability for a particular Threat? Who has accountability for a specific action that will be taken to re-enforce a weakened core value?

BEST OF LUCK with your strategic planning process.