



# *Strategic Planning* **GUIDE**

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*C12's Five-Step Process  
for Strategic Planning*



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This guide organizes strategic planning into a five-step annual process useful for both novice and veteran planners to maximize strategic planning efforts. The systematic method, exercises, and discussion questions work together to equip Christian business leaders for a one-day or multiday planning retreat with their leadership teams. The goal is for these efforts to produce a strategic plan to promote alignment and mission advancement across our companies. We do not prescribe an execution framework or platform but encourage leaders to explore available options to improve the utilization and execution of their strategic plans.

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# The BaaM Strategic Planning Framework

Stewarding a BaaM (Business as a Ministry) vision requires developing, communicating, and executing a strategic plan that considers all areas of the business. C12’s BaaM Strategic Planning Framework describes the key elements and sequence required for creating a strategic plan—anchoring in biblical core principles, defining a three-to-five-year strategic vision, identifying annual strategic objectives, crafting an annual primary objective, formulating measurable goals and key performance indicators (KPIs), and developing action plans.



Following the BaaM Strategic Planning Framework empowers our teams with critical direction and organizational alignment. We set up our companies to progress and achieve our mission.

# Strategic Planning: An Ongoing Process

The discipline of strategic planning is not a one-time project to complete but an ongoing discipline to prayerfully sustain, year after year. It is like a muscle that will grow over time if exercised. Each year, we can strengthen our efforts and become more proficient in different aspects of the planning process.

The table below provides an overview of the initial and annual steps of the strategic planning process. The parties involved and the length of each step will vary by company. The rest of this Strategic Planning Guide walks leadership teams through this process in greater detail.

| Establish Once/<br>Confirm Regularly                                                                                                 | Perform Annually                                                                                 |                                                                                                           |                                                                                                                                                                                                                                              |                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Present                                                                                                                              | Past                                                                                             | Future                                                                                                    |                                                                                                                                                                                                                                              |                                                                                                                                                                                                                        |
| <br>Look Inward                                     | <br>Look Back   | <br>Look Up <sup>1</sup> | <br>Look Around                                                                                                                                           | <br>Look Ahead                                                                                                                      |
| Define: <ul style="list-style-type: none"><li>• The mission statement</li><li>• The vision statement</li><li>• Core values</li></ul> | Assess the previous year’s planning strategy<br><br>Assess the previous year’s process execution | Pray for wisdom and direction<br><br>Align with the board, founder, and/or franchisor                     | Assess the company’s strengths and weaknesses (SWOT)<br><br>Assess the business environment (PESTEL)<br><br>Assess the competitive landscape (Porter’s Five Forces)<br><br>Assess the competitive advantage (dominant selling idea or “DSI”) | Determine a three-to-five- year strategic vision<br><br>Identify annual strategic objectives<br><br>Establish the annual primary objective<br><br>Formulate goals, key performance indicators (KPIs), and action plans |



## Discussion or Reflection

- Which steps in the strategic planning process are strengths or weaknesses for your company?
- What is the critical next step you need to take to improve your company’s plan for next year?

<sup>1</sup> The prayer aspect of *looking up* is listed third here to remind us to be sure to consult God before we begin the future-facing aspects of this process. However, prayer is foundational and should be exercised during all steps.



## Step 1: Look Inward

### Establish Core Principles

We start our strategic planning process by identifying our company's core principles,<sup>2</sup> also known as the mission, vision, and values. In the BaaM Strategic Planning Framework, our three-to-five-year strategic vision and annual strategic objectives are born from and powered by our faith-driven core principles. Our mission, vision, and values should infuse and galvanize the strategic vision across an eternally balanced scorecard. Companies that lack direction based on foundational core principles suffer from compromised performance, unnecessary confusion (due to competing agendas), and diminished cultural alignment.

Our **mission statement**<sup>3</sup> is a succinct statement that expresses what the business does and why the business exists. It provides internal clarity to the organization.

Our **vision statement**<sup>4</sup> is a forward-looking statement that describes what the mission's success would look like or mean for the world. It should be inspirational and aspirational and lend itself to milestones of achievement.

Our **core values** list the essential *behaviors* that guide the organization and its culture. They are the cultural attributes the company aspires to, which employees commit to embodying, and these values shape how we operate in the business.

Establishing core principles serves as the anchor for the rest of our planning processes. While it can be tempting to skip this step, doing so would be like driving a car without determining a destination or understanding how to operate it effectively.

Many C12 companies have completed this initial step and can simply affirm their principles. However, for those who lack these foundational pillars, it is time to develop them.



**If your company does not have mission, vision, and values statements**, continue in this guide for specific instructions on how to establish these core principles.

**If your company has existing mission, vision, and values statements**, skip to page 11 in this Strategic Planning Guide.

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<sup>2</sup> Matthew Mitchell, Jeffrey Kappen, and Chrissy Culek, "How to Write Mission, Vision, and Values Statements—100 Examples to Help Guide You Through the Process," Bâton | Global, March 14, 2024, <https://bit.ly/3pMAfsU>.

<sup>3</sup> See the book *A Strategic Plan for Ministry*, by C12 founder Buck Jacobs (<https://bit.ly/3VBRBEW>).

<sup>4</sup> Watch Craig Wilburn's CURRENT'23 talk "#BeTheGiveback: Developing a Ministry Vision for Your Business" (<https://bit.ly/3OmQWcN>) and Dean Harrington's CURRENT'23 talk "Messaging to Win in Sales, Retention, and Recruitment" (<https://bit.ly/3R1HveM>) with CURRENT'23 On-Demand.

## Mission Statement

Our **mission statement** is a succinct statement that expresses what the business does and why the business exists. It provides internal clarity to the organization. (Note: a mission statement may be too board if it could fit a variety of companies in completely different industries).



### REWARDS & BENEFITS:

- Motivates owners/employees to stay focused on important, God-honoring work
- Prevents the organization from drifting into unintentional or superfluous activities
- Clarifies strategic decisions entailing difficult trade-offs



### RISKS OF GAPS:

- Internal relational conflicts over the future direction of the organization
- Ineffective use of resources
- Misaligned or inconsistent goals, targets, and activities

## Draft Mission Statement

Use the space below to brainstorm mission statement options:

## Mission Statement Best Practices Checklist

Our mission statement is (check all that apply):

- |                                                                                                                                                                            |                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/>  <b>Inspirational and motivational</b>                          | <input type="checkbox"/>  <b>Kingdom- and ministry-oriented, connecting the business to an eternal perspective</b>                                                |
| <input type="checkbox"/>  <b>Short and memorable, providing clarity with brevity</b>    | <input type="checkbox"/>  <b>Points to what we do and why we do it (i.e., not too broad)</b>                                                                     |
| <input type="checkbox"/>  <b>An arbiter for effective decision-making</b>               | <input type="checkbox"/>  <b>Timeless, tied to the core purpose (or product line) of the business, and able to withstand normal changes in business strategy</b> |
| <input type="checkbox"/>  <b>Personal and visceral, reflective of the owner's heart</b> |                                                                                                                                                                                                                                                     |



## Discussion or Reflection

Does this mission statement accurately reflect your “why”?

Does this mission statement incorporate all of the best practices?

Is your mission statement too broad? Would this mission statement fit other companies in different industries?

Does the mission statement point to what your company does? Is it tied to your core purpose (or product line)?

Without losing any of the best practices, can the mission statement be shorter and easier to remember?

Does this mission statement accurately reflect your heart as the chief executive?

Will this mission statement inspire you to make Kingdom-oriented decisions?

## Final Mission Statement

Vision Statement

Our **vision statement** is a forward-looking statement that describes what the mission’s success would look like or mean for the world. It should be inspirational and aspirational and lend itself to milestones of achievement.



REWARDS & BENEFITS:

- Clarifies corporate aspirations, the projected state of the organization, and how to fulfill future needs and expectations of customers
- Creates a challenging yet tangible target for the team to achieve
- Guides clear and compelling strategies that distinguish the company from competitors



RISKS OF GAPS:

- Confusion about different ways the company can fulfill its mission statement
- Dispersion of team energy across multiple targets, diminishing the ability to achieve any of them
- Increased turnover as employees lack motivation
- Potential to derail efforts that are working toward strategic goals

Draft Vision Statement

Use the space below to brainstorm vision statement options:

Vision Statement Best Practices Checklist

Our vision statement is (check all that apply):

- ☐  **Future-oriented and audacious, stretching our capabilities yet achievable with determination and God’s guidance**
- ☐  **Short and memorable**
- ☐  **Aspirational, a picture of the world as a better place**
- ☐  **Honoring to God, reflecting an eternal perspective**
- ☐  **Inspiring a sense of company impact and what winning looks like**



Discussion or Reflection

- Does this vision statement accurately reflect a future, God-sized ideal state that your organization plays a part in achieving?
- Does this vision statement incorporate all of the best practices?
- Without losing any of the best practices, can the vision statement be shorter and easier to remember?
- Does this vision statement accurately reflect your heart as the chief executive?
- Will this vision statement inspire you to make Kingdom-oriented decisions?

Final Vision Statement

## Core Values

Our **core values** list the essential *behaviors* that guide the organization and its culture. They are the cultural attributes the company aspires to, which employees commit to embodying, and these values shape how we operate in the business.



### Rewards & Benefits:

- Establish the “rules of engagement” for relationships with stakeholders
- Create an intentional culture that brings enjoyment, contentment, and engagement to the work environment
- Enable strong recruiting, hiring, and firing decisions



### Risks of Gaps:

- A breakdown in corporate culture and the onset of a “Wild West” mindset in which anything goes
- Unrest, conflict, ethical dilemmas, and moral failures
- Driving away the best team members

## Draft Core Values

Use the space below to brainstorm core values options:

## Core Values Best Practices Checklist

Our core values are (check all that apply):

- ☐  **Few in number, generally between three and six total values**
- ☐  **Short and memorable, one word or a short phrase per core value**
- ☐  **Enduring traits that resonate with the heart of the business**
- ☐  **Descriptive of the company culture, setting expectations for team behavior**
- ☐  **Informative for alignment, decision-making, and accountability**
- ☐  **Reflective of biblical values<sup>5</sup>**



### Discussion or Reflection

Do these core values accurately reflect the behavior you expect in your organization?

Do these core values incorporate all of the best practices?

Do these core values accurately reflect your heart as the chief executive?

Will these core values inspire you to make Kingdom-oriented decisions?

## Final Core Values

<sup>5</sup> Some companies assign a Bible verse to each core value.

### Sample Mission Statements

"We build the best center console sportfishing boats with people, processes, and resources to honor God." —*Regulator Marine*

"Sharing the love of Christ while providing unique management services to the Manufactured Housing industry." —*Newby Management Corporation*

"We are called to bring comfort to our neighbors in a manner that reflects and honors the Great Comforter, Jesus Christ." —*Watkins Heating & Cooling*

"Bringing buildings to life through the quality of our people and the service we provide to the Glory of God." —*Unic Pro Inc.*

"Build exceptional products that lead people to us, so that we may lead them to Jesus." —*DRP Performance Products*

### Sample Vision Statements

"Pointing humanity to God by creating a worldwide culture of giving back." —*Team Dynamo - Keller Williams Realty*

"Every Christian investing for the glory of God." —*Inspire Investing*

"A world where organizations steward their people to be engaged and inspired, every day, to make a purposeful impact at work and at home." —*PurposePoint*

"Christian-led workplaces set the standard as the best, most effective places to work in the world." —*Best Christian Workplaces*

"To win every person in the world to Christ by simply offering them the Word of God ... simply one Gospel offered by one person to another." —*The Pocket Testament League*

### Sample Core Values

Willing Attitude, Gratitude, Go the Extra Mile, Teamwork, Humility, No Excuses  
—*Wilson & Associates*

Leadership, Creativity, Love, Integrity, Community —*PHOS Creative*

Integrity, Servant Leadership, Trust, Passion for Winning, Balance —*Reliable Electric*

Competitive Spirit, Passion for the Game, Create Joy, Ignite Meaningful Relationships  
—*Let's Play Soccer*

Christ Defines Our Perspective, Operate with Efficiency in All That We Do, Respect Others in All Things, Exceed the Request —*Sunday Cool*

## Confirm Core Principles

For those with previously identified core principles, it is a best practice to confirm these principles annually at the start of the strategic planning process. Reviewing our core principles brings us back to the heart of what we are trying to achieve.

An organization's mission, vision, and values are relatively static but can change over time, especially if a business has faced a major disruption. A review of our core principles may reveal mission drift. Thus, an annual review allows us to confirm the accuracy and effectiveness of our core principles and make necessary adjustments.

### Mission/Vision/Values Confirmation Checklist

- ☐ Are our mission, vision, and values clearly articulated, effectively used, and resilient to technological or environmental changes?
- ☐ As we have grown in our commitment to our BaaM efforts, do our mission, vision, and values statements reflect our faith commitment<sup>6</sup> and overall BaaM strategy?
- ☐ Have we intentionally pursued new opportunities that necessitate an update on how we articulate our mission, vision, and values?
- ☐ Have we unintentionally fallen prey to mission drift?



### Discussion or Reflection

Did the checklist reveal any reason to change your existing mission statement, vision statement, or core values?

Does your growth in commitment to BaaM principles warrant a revision or tweak to your mission statement, vision statement, or core values?

Have you unintentionally fallen prey to mission drift? Do you need to revise the mission statement to reflect this new reality, or do you need to course-correct to get back to the original mission?

Are you hiring and promoting employees based on your core values? Are you allowing employees who violate your core values to negatively impact your culture (possibly due to high performance)? Are you willing to terminate employees who violate the core values to protect your company culture?

Which one of your core values is the most important for you to consider in next year's strategic plan?

How can you ground next year's strategic planning in your mission, vision, and core values?

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<sup>6</sup> A clearly articulated statement of faith, mission statement, and list of biblically based core values could be considered an affirmative defense in the case of a complaint. See also *A Strategic Plan for Ministry*, by Buck Jacobs.



## Step 2: Look Back

Balanced scorecards are one tool our businesses can use to both assess past success and plan for the future. First popularized by Robert Kaplan and David Norton, balanced scorecards drive alignment, execution, and measurement of strategic objectives across business functions. C12 adapted this methodology to equip leaders to build great businesses with a greater purpose. The 5-Point Alignment Matrix (5PAM) provides a comprehensive framework for overall company health and robust long-term performance, for establishing the mission, vision, and core values as central, and for integrating ministry as an additional dimension for goal setting and tracking.



Our adaptation is also unique in that it encourages leaders to examine each functional area of the business in relation to the others. This discipline is necessary to prioritize efforts properly and engage stakeholders appropriately.

Before we can effectively build strategic priorities for the year(s) to come, we must learn from the past by *looking back* at our previous year's planning and performance. Let's assess our planning discipline and respective outcomes for the past year, as informed by the five key areas of the business.

Strategic Planning Results Assessment

To what extent did your teams create and execute a strategic plan during last year’s planning season, and what results have you seen? On a scale of 1 to 5, rate the quality, execution, and results of last year’s strategic plan for each aspect of the 5-Point Alignment Matrix (5PAM).<sup>7</sup> Then, prioritize each business area based on which aspects of the 5PAM require the most attention in the coming year.

|                                                                                                               | QUALITY<br>(1-5)<br><br>1 = no credible plan<br>3 = defined objectives<br>5 = KPIs with accountability | EXECUTION<br>(1-5)<br><br>1 = not referenced<br>3 = referenced, but not executed<br>5 = executed | RESULTS<br>(1-5)<br><br>1 = poor<br>3 = satisfactory<br>5 = excellent | PRIORITY<br>(1-5)<br><br>1 = most urgent<br>3 = somewhat urgent<br>5 = least urgent |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|  Revenue Generation          |                                                                                                        |                                                                                                  |                                                                       |                                                                                     |
|  Operations Management       |                                                                                                        |                                                                                                  |                                                                       |                                                                                     |
|  Organizational Development |                                                                                                        |                                                                                                  |                                                                       |                                                                                     |
|  Financial Management      |                                                                                                        |                                                                                                  |                                                                       |                                                                                     |
|  Ministry                  |                                                                                                        |                                                                                                  |                                                                       |                                                                                     |



Discussion or Reflection

- What positive results did your plan produce, and what do you attribute the success to?
- If you had unfavorable results, did they grow from weaknesses in the *quality* or in the *execution* of the plan?
- Which area of the business did you rank as your top priority for next year? Why?
- What results in the assessment surprised you? If you achieved results that cannot be attributed to your planning process, what caused them? Could you have planned for them, or did you miss something in your process?

<sup>7</sup> Balanced scorecards are one tool our businesses can use both to assess past success and plan for the future. First popularized by Robert Kaplan and David Norton in their article, “The Balanced Scorecard—Measures that Drive Performance,” Harvard Business Review, January-February 1992, <https://bit.ly/4ewtNea>, balanced scorecards drive alignment, execution, and measurement of strategic objectives across business functions. C12 adapted this methodology to equip leaders to build great businesses with a greater purpose.

Strategic Planning Process Assessment

When undertaken intentionally, a strategic planning process unfolds in a predictable pattern. Each part of the process identifies challenges and opportunities. As we assess results from the past year, it is helpful to highlight which aspect(s) went well and which ones may have caused our action plans to stall. On a scale of 1 to 5, rate how well your company implemented each aspect of the strategic planning process this year:

1.



Establish and confirm core principles (look inward).
2.



Evaluate the prior year's performance (look back).
3.



Seek God's direction (look up).
4.



Assess the competitive environment (look around).
5.



Define a three-to-five-year strategic vision (look ahead).
6.



Identify annual strategic objectives (ASOs).
7.



Ensure senior leader and manager buy-in.
8.



Craft annual primary objective (APO, or "rallying cry").
9.



Establish ownership for each ASO.
10.



Formulate goals, KPIs, and action plans for each ASO.
11.



Communicate APO, goals, KPIs, and action plans to employees.
12.



Monitor progress with data.
13.



Update/revise action plans as needed.



Discussion or Reflection

- Which steps of the strategic planning process represent strengths for your company?
- Which steps represent weaknesses?
- What is your critical next step to improve your company's planning process?



## Step 3: Look Up

Setting a vision for a company and leading an organization into its next season is a significant leadership responsibility. But we are not left to figure it out on our own. As the Creator and Owner of everything, including our businesses, God cares to guide and direct our steps. He appoints us as leaders and entrusts us with the responsibility of stewarding His businesses and people.

These truths should inspire gospel-driven leaders to seek God's direction as a non-negotiable step in the strategic planning process. We must manage the beautiful tension between diligently planning and faithfully trusting God's providence. Practically, this means taking time to pray, listening for and submitting to His indwelling Spirit's guidance—in our personal quiet time and in our planning meetings. We can also seek His wisdom in the Bible, which has much to say about managing a business.

For the leadership teams that include other Christians, this includes inviting them to be prayerful, too, and allowing enough time between meetings for the Spirit to work.



***We are not trying to manipulate God and tell Him what to do. Rather, we are asking Him to tell us what to do.***

—Richard J. Foster

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### Alignment with God

Consider starting your strategic planning process with prayer. This could involve dedicating the first hour of the planning process for each team member to spend time with God, asking Him for wisdom. In addition, consider spending extended time as a team in communal prayer, asking for God's direction.

### Alignment with the Board, Founder, and/or Franchisor

For some company leaders, *looking up* also involves ensuring alignment with those above us. Non-founding CEOs may wish to seek counsel from predecessors or company founders. Leaders of subordinate organizations, such as franchisees or regional vice presidents, may need to consult strategic documents from headquarters as part of the preplanning process. Those who answer to a corporate board may want to seek the board's input as they prepare to plan.

Whom do you need to consult as you progress through the planning process?



### Discussion or Reflection

For those who have prayed for God's direction, what do you hear Him asking you to pursue in the next year?

How can your testimony of seeking God's will for the business serve as a ministry opportunity or cultural anchor?

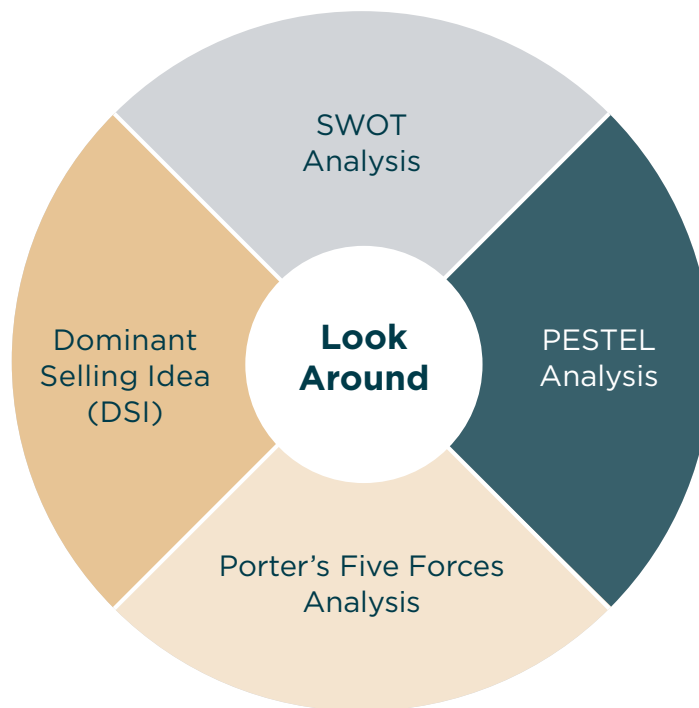
What other stakeholders above you will need to be consulted in your strategic planning process?



## Step 4: Look Around

Effective strategic planning involves developing a comprehensive road map with specific goals, objectives, and action plans. Awareness is essential in a good strategic planning process. We can conduct the following analyses to gain awareness of the business environment, market, and organization.

The following four tools are designed to help us determine the internal and external environments that form the backdrop for our strategic planning. We assess the relative strength of our companies using a SWOT analysis, the general business environment using a PESTEL analysis, the competitive landscape in our market sector using Porter's Five Forces analysis, and our competitive advantage using the dominant selling idea (DSI).<sup>8</sup>



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<sup>8</sup> See the C12 video "Utilizing SWOT, PESTEL, and Five Forces Analyses in Your Strategic Planning," in which C12 CEO Mike Sharrow breaks down how and when to use these tools in our strategic planning processes (<https://bit.ly/4e8iJDV>).

# The SWOT Analysis

## Assess the Company’s Strengths and Weaknesses

Objective awareness of our company’s condition is key to identifying and prioritizing a path forward. A SWOT analysis classifies a company’s internal aspects as strengths or weaknesses and the external factors as opportunities or threats. Our companies’ internal strengths may reveal a competitive advantage, while our weaknesses may hinder our ability to compete. Refer to the PESTEL and Porter’s Five Forces analyses to identify external opportunities and threats.<sup>9</sup>

This analysis is particularly powerful because it can reveal opportunities that we are well-placed to recognize and seize.

### S W

**Strengths** and **Weaknesses** are often internal to your organization.

#### INTERNAL (PRIMARY) DATA

Focus groups, customer and employee surveys, and internal data reviews reveal our strengths and weaknesses.

CAPABILITIES

RESOURCES

PROCESSES

### O T

**Opportunities** and **Threats** generally relate to external factors.

#### EXTERNAL (SECONDARY) DATA

Applicable data we cannot control may reveal certain opportunities or threats.

BUSINESS ENVIRONMENT

INDUSTRY

COMPETITIVE FEEDBACK

CUSTOMER FEEDBACK

Perform a SWOT analysis of the company as a group. To further coax out all relevant issues, ask these questions:

INTERNAL

**STRENGTHS and strategies to leverage them:**

- What do we do well?
- What unique resources can we draw on?
- What do others see as our strengths?
- What unique process do we not fully utilize?

**WEAKNESSES and strategies to overcome them:**

- What could we improve?
- Where do we have fewer resources than others?
- What do others likely see as weaknesses?
- What strengths could shore up our weaknesses?

EXTERNAL

**OPPORTUNITIES and strategies to prioritize them:**

- What positive opportunities are available to us?
- What trends could we take advantage of?
- How can we turn our strengths into opportunities?
- What gaps can we fill in the market?

**THREATS and strategies to mitigate them:**

- What trends could harm us?
- What is our competition doing?
- What threats are we exposed to because of our weaknesses?
- What opportunities can offset threats?

<sup>9</sup> Use the “Threats” quadrant to summarize the most relevant external factors identified in your PESTEL and Five Forces analyses.

### 10 steps to max out your SWOT analysis:

1. Assemble a cross-functional group that focuses on customers, technology, internal operations, suppliers, owners, employees, etc.
2. In advance of the gathering, ask the participants to glean a truly objective understanding of industry trends and the company's relative standing versus the best-in-class in their areas of responsibility. Department leaders may need to perform a SWOT with their teams to bring a broader voice of the organization to the assembly.
3. Commit a couple of hours of uninterrupted time to a SWOT event with a designated facilitator.
4. Begin with the positives, focusing first on the organization's strengths. Give participants a couple of minutes to write down as many as they can think of on individual notecards.
5. Collect the cards and organize them into topics (e.g., technical/product expertise, project management discipline, financial strength, loyal customers, etc.).
6. Repeat this process for each of the four SWOT categories.
7. Based on the number of affinity clusters (i.e., multiple mentions) within each category, make a list of topics or subtopics for each of the four categories on a whiteboard or flip-chart paper.
8. Give every participant a fixed number of votes to select the vital issues he or she feels most strongly about.
9. Record the votes next to each item on the board.
10. Build your SWOT analysis with the items that dominated the voting.

Challenge participants to consider ways to address competitive weaknesses and to sharpen and protect strengths in each functional area. Participants may formulate responses as department or product line objectives that support higher-level or longer-term company strategic objectives.

A SWOT analysis can be done on a **macro level** (overall company) or on a **micro level** (by department). We can choose to involve a variety of stakeholders, such as employees, the board of directors, and customers. Once these groups have completed their analysis, we ask them to force rank their findings by order of importance.

In addition to our employees and board of directors, we might consider asking a trusted subset of preferred customers, clients, or even vendors to fill out an abbreviated SWOT analysis of our company. These insights can prove to be especially valuable. Consider asking them, "Why do you keep buying from us?" or "What could we do better?"

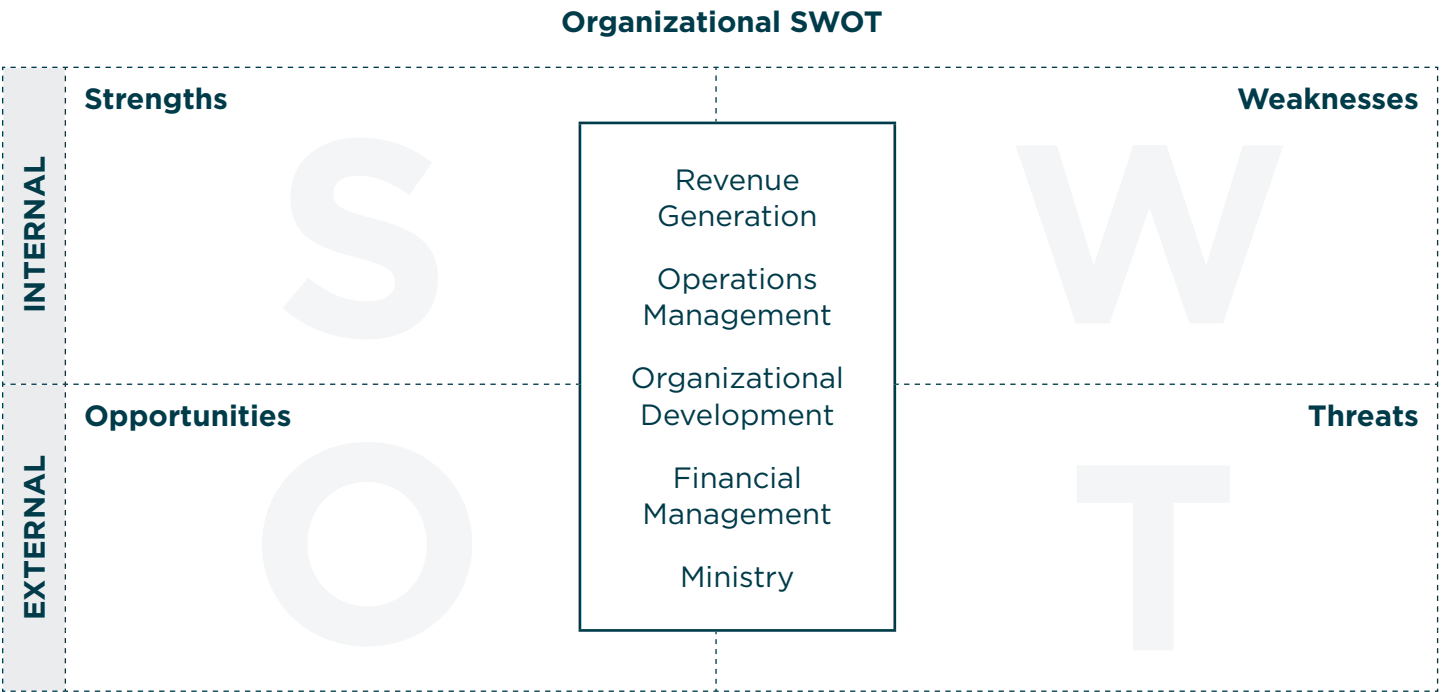
Sometimes, combining our findings from different areas will reveal strategic opportunities.<sup>10</sup> For example:

- **S-O strategies** pursue opportunities that leverage current company strengths.
- **W-O strategies** mitigate current weaknesses to enable the pursuit of future opportunities.
- **S-T strategies** use company strengths to reduce vulnerability to external threats.
- **W-T strategies** devise a defensive plan to minimize the chance of weaknesses being exploited by external threats.

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<sup>10</sup> A TOWS analysis is an extension of SWOT, combining the two internal factors with the two external factors in order to come up with four separate strategies for future growth and development (<https://bit.ly/3oyeybT>).

Using the steps on page 18, examine the company’s health in the core areas of the 5-Point Alignment Matrix and refresh last year’s SWOT or create a new one.



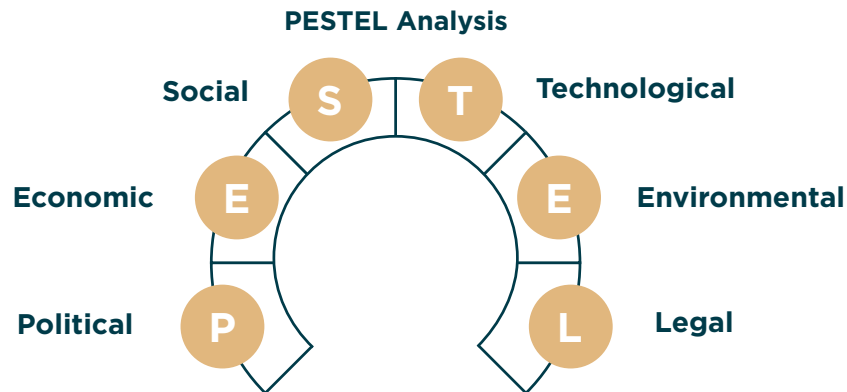
Discussion or Reflection

Answer the questions on page 17 for each quadrant of the SWOT.

## The PESTEL Analysis

### Assess the Business Environment

An external environmental scan, such as a PESTEL analysis,<sup>11</sup> can yield deep insights that inform objectives, priorities, and initiatives for the coming season. The PESTEL analysis (an extension of the PEST strategic framework) evaluates the external influences that can have a major impact on product development, decision-making, financial management, and market growth and expansion. Combined, the six PESTEL factors have a profound impact on the opportunities and risks for a business.



### Discussion or Reflection

Are there key **political** issues (taxes, fiscal policies, trade) your company should follow?

What is the **economic** forecast (interest rates, employment, inflation) for your sector of the economy?

Will **social** trends (demographics, lifestyle, consumer sentiment) affect your business in any way?

How will **technology** (automation, cybersecurity, online preferences) affect your company's future?

Will your company be mandated or choose to address its **environmental** footprint?

Will pending or past **legislation** impact your company or your BaaM (Business as a Ministry) strategy?

After conducting this analysis, create a “heat map”—a data visualization technique that shows the magnitude of a phenomenon—to identify significant areas of risk and opportunity. Assess the **severity of impact** these factors might have on your company (positive, negative, or neutral) and the **probability of occurrence** that these factors will affect your company (high, medium, or low).

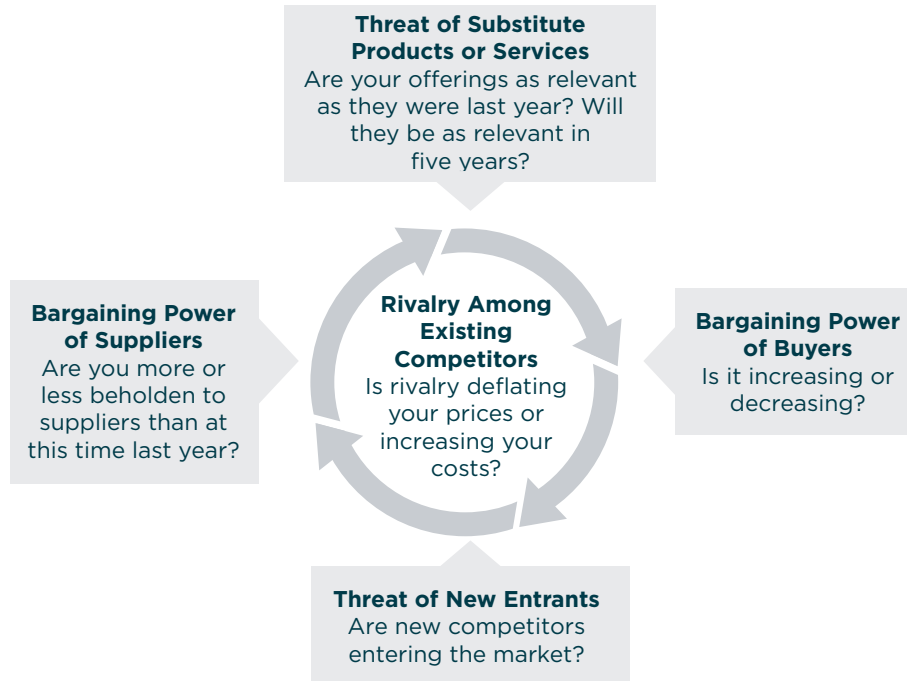
<sup>11</sup> “PESTEL Analysis,” Corporate Finance Institute, June 7, 2022, <https://bit.ly/3zALYwF>.

## Porter's Five Forces Analysis

### Assess the Competitive Landscape in Our Market Sector

A Five Forces analysis, formulated by business strategist Michael Porter, will help us identify the competitive factors and trends affecting our market sector. These forces (the rivalry among existing competitors, threat of substitute products or services, bargaining power of buyers, threat of new entrants, and bargaining power of suppliers) will test the strength of our company's position in the marketplace and impact our ability to compete for business.

#### Porter's Five Forces Analysis<sup>12</sup>



#### Discussion or Reflection

Is rivalry among **existing competitors** deflating your prices or increasing your costs?

Do you face a threat from **substitute products or services**? Are your offerings as relevant as they were last year? Will they be as relevant in five years?

Is your **buyers' bargaining power** increasing or decreasing?

Are **new competitors** entering the market?

Is your **suppliers' bargaining power** increasing or decreasing? Are you more or less beholden to suppliers than at this time last year?

<sup>12</sup> Diagram adapted from Institute for Strategy & Competitiveness, "The Five Forces," Harvard Business School, accessed June 7, 2022, <https://bit.ly/3cFftEJ>. Recently, business thought leaders have reconstituted this framework by adding two more forces: complementors and owned digital assets. See Paul Myers, "Is It Time to Reconstruct Porter's Five Forces?," Medium.com, accessed June 6, 2023, <https://bit.ly/3pEESFy>.

## The Dominant Selling Idea (DSI)

### Assess the Company's Unique Competitive Advantage

Our company's competitive advantage is expressed in our dominant selling idea (DSI), also known as a value proposition or a unique selling proposition. When we clearly understand our DSI, our marketing efforts will reach our target customers more effectively.



#### REWARDS & BENEFITS

- Clarifies the most valuable and unique aspects of our product line to our customers
- Recognizes the unique resources God has given us to do the work He has called us to do



#### RISKS OF GAPS

- Getting lost in the noise of competition
- Overpromising and overextending
- Lack of sales and increased customer turnover as cost drives decisions

Our dominant selling idea (check all that apply):

- ☐  **Defines our unique skills, services, or resources in the marketplace**
- ☐  **Sets us apart from our competitors**
- ☐  **Focuses our energy on what best serves our customers**
- ☐  **Defines the reason customers buy from us rather than from others**
- ☐  **Defines our core strengths and competencies**



#### Discussion or Reflection

Does your DSI accurately reflect the **reasons your customers buy** from you rather than others?

What **changes in the workforce, demand, or regulations**, if any, affect your selling proposition?

If those changes warrant a revision to your DSI at this time, **what should that revision be?**

How **well do you express** your value proposition to prospective customers? To prospective employees?

How should your DSI inform next year's **annual plan**?



#### Discussion or Reflection

Based on your findings from the SWOT, PESTEL, Five Forces, and DSI assessments, consider the following questions:

What is changing about your **market, suppliers, and customers**?

How do you determine which **environmental or market factors** will be headwinds that might slow your business progress next year? How do you decide which factors will be tailwinds, driving you forward?

Which part of the business will be most **disrupted** or will have to scale up most significantly?

How do you plan to proactively revise your **DSI** to effectively prepare for and capitalize on potential disruptions?



Step 5: Look Ahead

Our preparatory work from the previous steps lays the necessary groundwork to establish our future courses of action with confidence. By gaining clarity around our organization’s current state, we will be able to develop an effective strategic plan for the future.

The following activities are designed to help our leadership teams develop plans for next year and beyond. These steps include defining a three-to-five-year strategic vision, identifying annual strategic objectives, crafting an annual primary objective, and formulating goals, KPIs, and an action plan.

| Three-to-Five-Year Strategic Vision | Mission, Vision, and Values                                                                             |                                                                                                            |                                                                                                                 |                                                                                                             |                                                                                                 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                     | <br>REVENUE GENERATION | <br>OPERATIONS MANAGEMENT | <br>ORGANIZATIONAL DEVELOPMENT | <br>FINANCIAL MANAGEMENT | <br>MINISTRY |
|                                     | Annual Strategic Objectives                                                                             | Annual Strategic Objectives                                                                                | Annual Strategic Objectives                                                                                     | Annual Strategic Objectives                                                                                 | Annual Strategic Objectives                                                                     |
|                                     | Year 1                                                                                                  | Year 1                                                                                                     | Year 1                                                                                                          | Year 1                                                                                                      | Year 1                                                                                          |
|                                     | Year 2                                                                                                  | Year 2                                                                                                     | Year 2                                                                                                          | Year 2                                                                                                      | Year 2                                                                                          |
|                                     | Year 3                                                                                                  | Year 3                                                                                                     | Year 3                                                                                                          | Year 3                                                                                                      | Year 3                                                                                          |
|                                     | Year 4                                                                                                  | Year 4                                                                                                     | Year 4                                                                                                          | Year 4                                                                                                      | Year 4                                                                                          |
| Action Plan                         | Year 5                                                                                                  | Year 5                                                                                                     | Year 5                                                                                                          | Year 5                                                                                                      | Year 5                                                                                          |
|                                     | Annual Primary Objective                                                                                |                                                                                                            |                                                                                                                 |                                                                                                             |                                                                                                 |
|                                     | Year _____ Objective(s)                                                                                 | Year _____ Objective(s)                                                                                    | Year _____ Objective(s)                                                                                         | Year _____ Objective(s)                                                                                     | Year _____ Objective(s)                                                                         |
|                                     | Goals/KPIs                                                                                              | Goals/KPIs                                                                                                 | Goals/KPIs                                                                                                      | Goals/KPIs                                                                                                  | Goals/KPIs                                                                                      |
|                                     |                                                                                                         |                                                                                                            |                                                                                                                 |                                                                                                             |                                                                                                 |

## Define a Three-to-Five-Year Strategic Vision

Our first step in *looking ahead* is to define a three-to-five-year strategic vision encompassing ideal yet realistic targets for the company’s future over a medium-range time frame. The strategic vision should include one or more desired outcomes for each area of the 5PAM. Once a three-to-five-year strategic vision is in place, the team will review it in subsequent years, reflecting on progress and making updates as needed. In the final year, the team will develop a new three-to-five-year strategic vision for the next medium-range time frame.

Our **three-to-five-year strategic vision**<sup>13</sup> describes how we will achieve the company’s vision over a medium-range time frame, consistent with our mission, vision, and core values.

Planning for the future can seem perplexing, especially when we feel we lack the necessary data and information to build a confident plan. In his book, *The New Leadership Literacies*,<sup>14</sup> Bob Johansen suggests that while the next 12 months may be uncertain, we can gain more clarity by looking three to five years ahead. Johansen advises that by considering longer-term trends, we can better map out the steps needed to prepare for the future.

To do so, we start by envisioning what our business would look like in five years, then three years, and finally one year. Working backward from this vision helps us gain clarity in developing next year’s plan. This approach is known as creating a *three-to-five-year strategic vision*.

The three-to-five-year strategic vision will inform our annual strategic objectives, our annual primary objective, and our goals/KPIs. The annual primary objective and supporting goals/KPIs make up our action plan.

### Three-to-Five-Year Strategic Vision Continuum

Using an arrow, mark along the continuum to indicate where your company is today. Using a star, mark where you would like the company to be a year from now.

| Where we are | Without a three-to-five-year strategic vision                                       | In the middle of a three-to-five-year strategic vision | At the end of a three-to-five-year strategic vision |
|--------------|-------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|
|              | ○                                                                                   | ○                                                      | ○                                                   |
| What to do   | Host a strategic planning retreat and develop a three-to-five-year strategic vision | Reflect on progress and update the strategic vision    | Build a new three-to-five-year strategic vision     |



#### Discussion or Reflection

Based on where you are in the strategic planning continuum, what do you need to do for next year? For the year after?

Do this year’s results necessitate any updates to your three-to-five-year strategic vision?

<sup>13</sup> See the C12 video “Looking Back *from* the Future to Help Us Look Ahead,” in which C12 CEO Mike Sharrow delves deeper into the first task in the Look Ahead step of C12’s five-step strategic planning process—the three-to-five-year strategic vision (<https://bit.ly/3ylaoMZ>).  
<sup>14</sup> Bob Johansen, *The New Leadership Literacies: Thriving in a Future of Extreme Disruption and Distributed Everything* (Oakland, CA: Berrett-Koehler Publishers, 2017).

Our three-to-five-year strategic vision will develop in three steps:

1. Brainstorm specific strategic initiatives and desired outcomes for organizational performance for each area of the 5PAM.
2. Narrow the list of initiatives and outcomes to the most important ones. This conversation may lead to disagreements among different members of the team. Take time to pray through the decisions. Encourage the team to frame the discussion within the context of the company's mission, vision, and core values, rather than focusing solely on pet projects or narrow departmental needs.
3. Arrive at a consensus on this medium-range time frame's most important initiatives and outcomes. This is the strategic vision, clarifying what we must achieve in the next three to five years to stay on track.



### Discussion or Reflection

Here are variations of questions you can ask to help you formulate challenging but realistic goals for organizational growth and performance:

- As much as you can plan for it, where do you want to be in three to five years? What does that look like in terms of volume, revenue, and locations?
- What information do you need but currently lack to achieve your vision?
- What existing capabilities must be deployed (or better utilized) to support the reality you envision?
- What new platforms, teams, capabilities, or products must be developed to support the reality you envision?
- What questions, solutions, and/or innovations do you need to discover to support your strategic vision?
- What are your aspirations?<sup>15</sup>
- What are the critical trends regarding customers, competitors, technology, and regulation?
- How is your business model performing, and how will it likely evolve?
- What kind of market position or capability do you want to have in the future?
- What measurable breakthrough do you want to achieve in each dimension of the business?
- What are the key challenges and opportunities you face?
- What are the key risks and uncertainties you face, and what can you do to ensure your adaptability?

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<sup>15</sup> This question and those after it come from Sarah Kaplan and Eric D. Beinhocker, "The Real Value of Strategic Planning," MIT Sloan Management Review, Winter 2003, <https://bit.ly/3Dv1wTQ>.

Look Ahead – Developing a Three-to-Five-Year Strategic Vision

The following exercise is designed to help you develop plans for 2025 and beyond. As you work through this exercise, start by identifying ideal yet realistic targets for your company’s future state. Record these target outcomes in the “5 Years” column, then work back into the present year.

|                                                                                                                                                                                                                                  | Next Year | 3 Years | 5 Years |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------|---------|
| <b>VOLUME, SIZE, REALITY FACTORS:</b><br>Identify known or envisioned target outcomes for revenue, staffing, locations, pricing, market position, people changes, organizational attributes, events, and other business changes. |           |         |         |
| <b>DEPLOY:</b><br>What must “go live” or happen to support the reality of the next period?                                                                                                                                       |           |         |         |
| <b>DEVELOP:</b><br>What must be built or prepared to support the necessary deployment roadmap of the business?                                                                                                                   |           |         |         |
| <b>DISCOVER:</b><br>What questions need to be answered? What problems need to be solved? What solutions need to be sourced? What innovations need to be explored?                                                                |           |         |         |

## Identify Annual Strategic Objectives

In *The Advantage*, Patrick Lencioni teaches that organizational health depends on leaders communicating and reinforcing clarity around our companies' core principles (see Step 1) and our annual strategic objectives.<sup>16</sup> This is when we ask, "What objectives do we need to achieve this year to make demonstrable progress toward our three-to-five-year strategic vision?"

Once our teams have established our desired outcomes and intermediate goals for the three-to-five-year time frame, we break down each goal into specific year-by-year milestones that the company will need to achieve to accomplish the vision.

### Annual Strategic Objectives Example:

If our three-to-five-year strategic vision includes a goal to grow the commercial line of business from \$6M in revenue to \$10M in revenue in five years from now, our annual strategic objectives might be as follows:

- Year 1: \$6.5M in revenue
- Year 2: \$7M in revenue
- Year 3: \$7.75M in revenue
- Year 4: \$8.75M in revenue
- Year 5: \$10M in revenue

Our team's size, capacity, and capabilities will determine the number of annual strategic objectives our companies can accomplish in a single year. Larger companies may have 10 or more annual strategic objectives scattered throughout different departments, while smaller companies may be limited in the number of annual strategic objectives they can accomplish.

Each year, during our strategic planning process, the CEO and the executive team will review the year-by-year milestones and annual strategic objectives. This is the time to confirm whether our annual strategic objectives for the coming year are still valid or whether, given current conditions, we might consider adjusting the objectives or adding new ones as necessary.

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<sup>16</sup> Patrick Lencioni, "Discipline 2: Create Clarity," in *The Advantage: Why Organizational Health Trumps Everything Else in Business* (San Francisco: Jossey-Bass, 2012), 73–138.

### Additional Annual Strategic Objectives Examples



#### Revenue Generation:

**Three-to-Five-Year Strategic Vision: Attract 500 new residential customers**

**Annual Strategic Objective: Develop a comprehensive marketing plan to target residential customers by June 30 of next year and run A/B testing through the end of the year**

In order to grow, a business needs to increase its share of competitive markets. Marketing plans start with the overall strategic business plan of a company. Then they explain in detail how specific aims will be carried out. Marketing plans capture product or service offerings, research of target markets, and analysis of competition. Then they outline strategies for placing, pricing, and promoting a company's offerings.



#### Operations Management:

**Three-to-Five-Year Strategic Vision: Reduce production time from 10 to 5 days**

**Annual Strategic Objective: Reduce production time from 10 days to 8 days next year**

Productivity for any organization means fine-tuning business processes to achieve the best result for a customer while increasing profit. As an example, a manufacturing organization that fine-tunes a process could reduce waste and production time, delivering a better product to the customer more quickly. A service business that changes the way customers are handled could decrease call times and increase customer satisfaction and loyalty.



#### Organizational Development:

**Three-to-Five-Year Strategic Vision: Improve employee engagement from 60% to 85%**

**Annual Strategic Objective: Improve employee engagement from 60% to 70% in next year's engagement survey**

The people in our organizations are often our most important resource. Developing a performance management plan may be paramount to the success of our companies. In addition, programs that align employees' compensation—merit increases, bonuses—to their performance have proven to be very effective. Motivating, rewarding, and retaining top performers is a key business objective for any company that seeks to successfully maintain or exceed growth expectations.



#### Financial Management:

**Three-to-Five-Year Strategic Vision: Eliminate line-of-credit dependency for raw materials**

**Annual Strategic Objective: Create an early payor incentive program to reduce the cash conversion cycle by Q4**

Included in the growth objectives of an organization is the availability of capital resources to invest in future expansion. If a company's financial resources are strong, capital could come from cash reserves. For many organizations, strengthening financial resources means building cash flow or increasing assets in order to attract investors and court creditors to fund growth as well as market expansion.



#### Ministry:

**Three-to-Five-Year Strategic Vision: Create a sustainable caring team and ministry scorecard**

**Annual Strategic Objectives: During next year, (1) identify a caring team leader and (2) establish a caring fund**

If ministry is not strategically planned for, it will become a regretful afterthought. Scaling ministry effectiveness to vision requires the same deliberate progression and goal-setting disciplines as operations or revenue. These goals could center on charitable giving, community service, increased chaplaincy engagement, Gospel/Bible distribution, faith decisions, and commitments, or the percentage of people impacted by discipleship or caring programs.

Annual Strategic Objectives Worksheet

Break down each goal from the three-to-five-year strategic vision (from page 26) into specific year-by-year milestones that the company will need to achieve to stay on track.

|                                                                                                                       | Year _____ | Year _____ | Year _____ | Year _____ | Year _____ |
|-----------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
|  <b>Revenue Generation</b>           |            |            |            |            |            |
|  <b>Operations Management</b>        |            |            |            |            |            |
|  <b>Organizational Development</b> |            |            |            |            |            |
|  <b>Financial Management</b>       |            |            |            |            |            |
|  <b>Ministry</b>                   |            |            |            |            |            |



Discussion or Reflection

Given your strategic vision, how do you determine the right targets to set each year?  
Are there initiatives underway to achieve these outcomes, or do you need to build them?  
How will the timing of these initiatives affect the year-by-year milestones?  
  
What headwinds and tailwinds do you anticipate over the three-to-five-year timeframe?  
(Major account acquisition, increased competition, leadership transition, etc.) How can  
you build anticipated future events into each aspect of the vision?

## Craft an Annual Primary Objective

Once we have completed our *look inward*, *look back*, *look up*, and *look around* analyses—and have agreed upon the annual strategic objectives for the coming year—we will often take a reflective pause. During this pause, we take a broader perspective to consider the underlying factor that unifies our annual strategic objectives, challenges, and opportunities for the coming year. To put it another way, if we accomplish only one thing in the next 12 months, what would we want it to be?

This is our annual primary objective.<sup>17</sup> Patrick Lencioni calls it a “thematic goal” or “rallying cry.”<sup>18</sup>

### Annual Primary Objective Examples:

- Rebuild credibility with customers.
- Maximize partnership collaboration for growth.
- Scale recurring business for critical sustainability.
- Build the team for the future.
- Create financial resiliency.
- Scale ministry integration across teams and functions.
- Create a culture of innovation.



### Reflection

Imagine this time next year when you will be reflecting on the previous 12 months—on what was planned and what was accomplished. Assuming you have proven to be “good and faithful servants” who executed a thoughtful annual business plan, what would you like the headline of your annual report to be at the end of next year? What words would you want to describe your company’s reputation, progress, and impact over the next year?

Your Company’s Headline for Next Year:

This “headline” informs our annual primary objective—the one objective that is most critical for our companies to accomplish in the next year. It is the one unifying dominant idea that guides planning, decision-making, and progress toward our organization’s vision.



### Discussion or Reflection

Unifying your multiple goals for next year, what is the single primary objective your organization must accomplish next year?

Does each functional leader and team understand how they support the annual primary objective for the business?

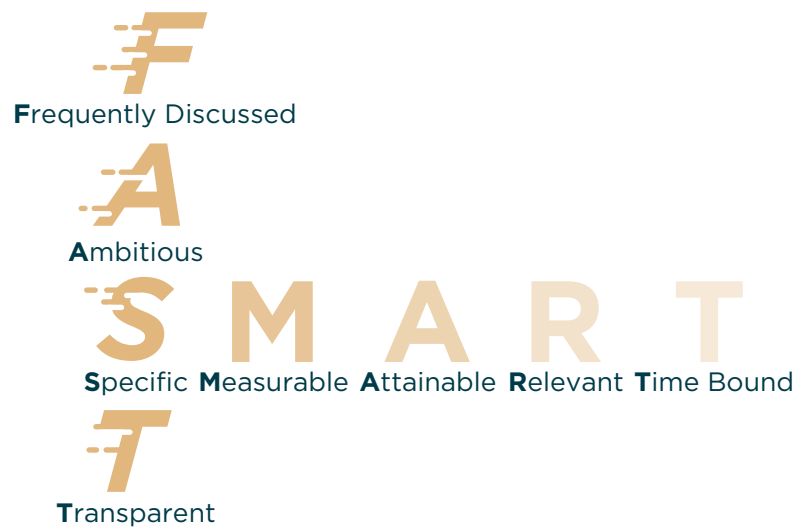
<sup>17</sup> An annual primary objective is the one unifying, dominant idea that guides planning, decision-making, and progress toward our organization’s vision.

<sup>18</sup> Patrick Lencioni, “Question #5: ‘What Is Most Important Right Now?’,” in *The Advantage: Why Organizational Health Trumps Everything Else in Business* (San Francisco, CA: Jossey-Bass, 2012), 119–31.

## Formulate Goals and KPIs

Here is where we determine the goals, tactics, and indicators we need to achieve in the coming year to make demonstrable progress toward our annual strategic objectives. Achieving these goals will have the greatest impact on the health and fruitfulness of the business.

We must develop specific measures for each annual strategic objective to determine the timing and metrics for achieving our goals. Goals should be SMART and FAST:<sup>19</sup>



The SMART and FAST frameworks are meant to work in tandem. We start by developing SMART goals for each annual strategic objective.

### SMART Goal Examples:

- Pay off \$120,000 in business debt in the next 12 months.
- Transition information technology support from contract to in-house in Q2.
- Increase website traffic by 10% by May 1 of next year.

Once SMART goals are established, we evaluate each goal through the FAST lens. The FAST framework helps us leverage our SMART goals, and goals need to be SMART to be leveraged.

- The **S** (specific) exists in both the SMART and FAST frameworks. This commonality suggests the importance of specificity in our goal-setting process. Vague or ill-conceived goals may deflate our ability to execute our strategic plan.
- The **A**'s in these frameworks appear contradictory, but they are not. The **A** in SMART stands for "attainable." The **A** in FAST stands for "ambitious." The best goals—often called "stretch goals"—are both. A stretch goal must be within reach, but a team must go beyond its current capabilities to achieve it.
- The **F** (frequently discussed) and **T** (transparent) refer to how companies leverage goals. Leaders must develop a frequent and transparent way to discuss and progress toward goals.

<sup>19</sup> Donald Sull and Charles Sull, "With Goals, FAST Beats SMART," *MIT Sloan Management Review*, June 5, 2018, <https://bit.ly/3Q062ho>.

Example of SMART Leveraged by FAST:

- **SMART** goal:
  - Pay off \$120,000 in business debt in the next 12 months.
- Leveraged by the **FAST** framework:
  - **Frequently Discussed:** The executive team will discuss monthly; the employees will discuss quarterly.
  - **Ambitious:** The entire team will understand that this sacrifice will set us up to invest in new opportunities next year.
  - **Specific:** Debt reduction of \$120,000 this year will require an average reduction of \$10,000 per month.
  - **Transparent:** The executive team will honestly communicate progress among themselves and employees.

Measurable Indicators

Multiple methodologies argue the same proven principle: Measure what matters most. For each annual strategic objective, we must identify how we will track progress and measure success through a measurable indicator, or a key performance indicator (KPI). Meaningful KPIs are objectively quantifiable. These indicators provide clarity to the organization’s health, inform leadership decisions, and focus work on the highest priorities.

An effective goal management system will align annual strategic objectives horizontally across the organization and vertically with the company’s primary objectives.

| KPI EXAMPLES FOR EACH AREA OF THE 5-POINT ALIGNMENT MATRIX                                                   |                                                                                                                 |                                                                                                                      |                                                                                                                  |                                                                                                   |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <br>REVENUE<br>GENERATION | <br>OPERATIONS<br>MANAGEMENT | <br>ORGANIZATIONAL<br>DEVELOPMENT | <br>FINANCIAL<br>MANAGEMENT | <br>MINISTRY |
| Profit per unit sold                                                                                         | Quality (%)                                                                                                     | Employee satisfaction                                                                                                | Cash flow                                                                                                        | Bible studies                                                                                     |
| Closing rate                                                                                                 | Inventory turnover                                                                                              | Training (% of sales)                                                                                                | Gross profit/day                                                                                                 | Charitable giving                                                                                 |
| % revenue/new accounts                                                                                       | Labor cost to sales                                                                                             | Employee turnover                                                                                                    | Debt/equity ratio                                                                                                | Acts of service                                                                                   |
| Customer satisfaction                                                                                        | Research and development (% of sales)                                                                           |                                                                                                                      | Line-of-credit status +/-                                                                                        | Salvations                                                                                        |
| Marketing leads                                                                                              | Service-level agreements                                                                                        |                                                                                                                      |                                                                                                                  | Caring program engagement                                                                         |

Set targets that will yield the right results; be careful not to confuse inputs with outputs. Otherwise, the illusion of success from activity and volume can mask strategic drift or even peril. Regular monitoring of lagging indicators drives change and allows future outcomes to be improved.

**Lagging indicators**

measure activities that have already taken place

e.g., profit per unit sold, customer satisfaction, return on investment

VS.

**Leading indicators**

give insight for future performance

e.g., order backlog, unbilled revenue, number of qualified leads

| SAMPLE GOAL/KPI METRICS |                                         |                                          |                                        |                       |
|-------------------------|-----------------------------------------|------------------------------------------|----------------------------------------|-----------------------|
| TYPE OF METRIC          | ANNUAL STRATEGIC OBJECTIVE              | GOAL/KPI                                 | SOURCE OF DATA                         | FREQUENCY OF REVIEW   |
| Raw numbers             | 120 new customers by end of year        | 2-3 per week<br>10 per month             | Customer relationship management (CRM) | Weekly and monthly    |
| Progress                | Archive 2 app iterations by end of year | App iteration (Q1)<br>App iteration (Q3) | Project plan                           | Quarterly             |
| Percentage change       | 20% revenue increase by end of year     | 5% revenue increase each quarter         | Profit and loss (P&L) report           | Monthly and quarterly |



**Discussion or Reflection**

How can you create a rhythm of reviewing inputs and outputs to improve clarity across the leadership team?

How can you equip your team for elevated performance—sharing information, aligning goals, incentivizing achievement, measuring progress, or celebrating success?

Goal/KPI Worksheet

Our goals and KPIs set specific target metrics to measure progress over an annual timeframe. They focus on answering the question, “What do we need to achieve over the next year to achieve our annual strategic objective?”

Formulate a goal for each annual strategic objective. Each goal should be written as an action statement, beginning with a verb (e.g., increase, reduce, provide), and it should pass the “SMART” (Specific, Measurable, Achievable, Relevant, and Timebound) and “FAST” (Frequently Discussed, Ambitious, Specific, and Transparent) tests. Fulfilling each of the prompts below will ensure that each goal meets the SMART and FAST criteria.

The goals/KPIs should be as specific as possible, written as follows:

We will achieve \_\_\_\_\_ (annual strategic objective)  
by doing \_\_\_\_\_ (goal/KPI)  
by \_\_\_\_\_ (target completion date).

|                                                                                                                       | ANNUAL STRATEGIC OBJECTIVE | GOAL/KPI |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------|----------|
|  <b>Revenue Generation</b>          |                            |          |
|  <b>Operations Management</b>      |                            |          |
|  <b>Organizational Development</b> |                            |          |
|  <b>Financial Management</b>       |                            |          |
|  <b>Ministry</b>                   |                            |          |

## Develop the Action Plan

We are now ready for the most concrete part of strategic planning: developing an action plan. An action plan consolidates the annual strategic objectives, the goals, and the KPIs into a unified planning program.<sup>20</sup> Our action plan is designed to help us achieve our vision, engage our stakeholders, and prioritize our resources. To enable effective execution, we must identify accountabilities. This is where we bring together all of the preparatory work up to this point to ensure we achieve our commitments.

To ensure alignment, consider each goal one at a time through the lens of your core principles and each area of the 5PAM. This analysis takes significant and thoughtful effort, but it provides tremendous benefits. By challenging ourselves to understand the causal links among elements of the matrix, we will be much more likely to produce a harmonious set of objectives and action plans to achieve our vision.

For each annual goal across the 5PAM, identify the following:

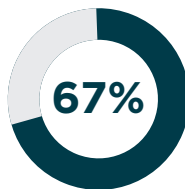


## From Strategic Planning to Execution

Simply developing a strategic plan does not guarantee success. Research has shown ...



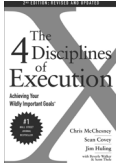
More than 90% of strategic plans are not successfully accomplished ...



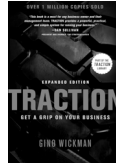
... with 67% of failed plans attributed to a breakdown in execution.

<sup>20</sup> Ron Price, "Why Strategic Plans Don't Work . . . and What to Do about It," ReliablePlant, accessed June 21, 2023, <https://bit.ly/3OI MahQ>.

Across C12, companies use different systems to execute their strategic plans. Some favorites among C12 companies include:



**The 4 Disciplines of Execution (4DX)®** developed by Chris McChesney and the team at FranklinCovey



**The Entrepreneurial Operating System (EOS)**, developed by Gino Wickman, author of *Traction: Get a Grip on Your Business*



**Scaling Up (SU)** developed by Verne Harnish, author of *Scaling Up: How a Few Companies Make It . . . and Why the Rest Don't* and *Mastering the Rockefeller Habits: The Keys to Successfully Scaling Any Size Organization*

Committing to one system and faithfully operating within it over time is best. While each system has unique features, all agree on the following principles:

- 
**1 MISSION/VISION/VALUES:** Clearly articulated core principles give our strategic plans credibility and context. Mission, vision, and values statements serve as the foundation for an organization's strategic and execution plans. They convey the purpose, direction, and underlying values of the organization, and they focus the team on long-term organizational priorities rather than individual agendas.
- 
**2 THREE-TO-FIVE-YEAR STRATEGIC VISION:** Leaders clearly articulate a preferred future for a three-to-five-year timeframe. The three-to-five-year strategic vision has an inspirational tone and includes motivational stretch goals. Once formulated, the three-to-five-year strategic vision is written down and clearly communicated to stakeholders.
- 
**3 ANNUAL STRATEGIC OBJECTIVES:** The organization's three-to-five-year strategic vision is broken down into year-by-year milestones that the company will need to achieve to accomplish the mission. The annual strategic objectives inform the annual primary objective or "rallying cry."
- 
**4 GOALS/KEY PERFORMANCE INDICATORS (KPIs):** For each annual strategic objective, leaders set measurable indicators to track progress. This involves identifying and managing performance toward targets. Lead measures are the precursors of future success, and lag measures identify how successful the organization was at achieving results in the past. All goals should be SMART and FAST.
- 
**5 RIGHT PEOPLE/RIGHT SEATS:** For each annual strategic objective, leaders empower an execution team. The organization needs to be adequately staffed with great people, and teams operate with a high degree of candor and trust. Employees understand the annual strategic objectives, their roles, and the KPIs for which they are responsible, and they have the capacity to act.
- 
**6 REGULAR MEETING CADENCE:** Each execution team establishes a cadence of weekly, monthly, and quarterly meetings to solve problems and report on progress. Most execution plans fail due to a lack of regular check-ins. If these meetings fall off the calendar due to "the tyranny of the urgent," execution may stall.
- 
**7 SCOREBOARD:** A simple scoreboard is developed by and for the execution team to visualize KPIs, lead and lag measures, and real-time progress. These can take the form of scorecards, dashboards, or spreadsheets posted in a public space to allow teams to visualize challenge areas and celebrate wins.

Action Plan Worksheet

Use this worksheet to create the appropriate action plan for each annual strategic objective across the 5-Point Alignment Matrix (5PAM).

Goal/5PAM Element:

What changes are coming in this area of our business?

In the next year                      In the next three years                      In the next five years

Functional SWOT (specific to the function of the business, e.g., operations)

|              |            |
|--------------|------------|
| STRENGTHS    | WEAKNESSES |
| OPPORTUNITES | THREATS    |

What is the annual strategic objective?

What is the SMART and FAST goal/KPI formulated for this annual strategic objective?

| PRIORITY LEVEL           |                          |                          | ALIGNS WITH              |                          |                          |                                   | CROSS-REFERENCING THE SWOT, DOES THE GOAL |                          |                           |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------------|-------------------------------------------|--------------------------|---------------------------|--------------------------|
| Low                      | Medium                   | High                     | Mission                  | Vision                   | Values                   | Other Annual Strategic Objectives | leverage strengths?                       | overcome weaknesses?     | prioritize opportunities? | mitigate threats?        |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>          | <input type="checkbox"/>                  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> |
| KEY METRIC               |                          |                          | METHOD OF REPORTING      |                          |                          |                                   | FREQUENCY OF REVIEW                       |                          |                           |                          |
|                          |                          |                          |                          |                          |                          |                                   | Monthly                                   | Quarterly                | Annually                  |                          |
|                          |                          |                          |                          |                          |                          |                                   | <input type="checkbox"/>                  | <input type="checkbox"/> | <input type="checkbox"/>  |                          |

Risk Event: What are the top three potential disruptions that could hinder achieving this annual strategic objective?

- 1.
- 2.
- 3

Indicators: What are the early signs to watch for?

| RESOURCES NEEDED         |                          |                          | OWNER | TARGET COMPLETION DATE |
|--------------------------|--------------------------|--------------------------|-------|------------------------|
| Personnel                | Infrastructure           | Capital                  |       |                        |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |                        |

# Annual Strategic Planning (One-Pager)

Use this worksheet to capture an overview of your strategic plan on one page.

## Our Core Principles (see pages 6–11)

Our Mission Statement:

Our Vision Statement:

Our Core Values:

Our Three-to-Five-Year Strategic Vision (to be accomplished by \_\_\_\_\_; see pages 23–26):

Our Annual Primary Objective (see page 30):

Our Action Plan (see pages 35–37):

|                                                                                                                | Annual Strategic Objective(s) | Goals/KPIs | Person Responsible for Action Plan | Target Completion Date |
|----------------------------------------------------------------------------------------------------------------|-------------------------------|------------|------------------------------------|------------------------|
|  Revenue Generation         |                               |            |                                    |                        |
|  Operations Management      |                               |            |                                    |                        |
|  Organizational Development |                               |            |                                    |                        |
|  Financial Management       |                               |            |                                    |                        |
|  Ministry                   |                               |            |                                    |                        |

## Strategic Planning as Responsible Stewardship

Whatever business environments we face, the strategic planning process will allow us to step confidently into the future. Instead of merely reacting to circumstances, we will be prepared. We are stewards of our businesses; God is the Owner. Whether we are veteran planners or novices, we can leverage the resources God has given us to craft strategic plans and execute them to build great businesses for a greater purpose.



**Looking Inward**



**Looking Back**



**Looking Up**



**Looking Around**



**Looking Ahead**



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