

# PART I

## CREATE YOUR VISION



# 1

## MOVING FROM VISION TO ACTION

*There is nothing in a caterpillar that tells you it's going to be a butterfly.*

—Buckminster Fuller

I call this book *Business Plans to Game Plans* because it takes you from your business plan, that is, what you share with those outside your business, like investors, to your game plan, which is how you really run the business, and what you share with your employees.

As a business-planning consultant, I have written countless business plans. While many of them received the funding they were hoping to attract, a number of these businesses failed in the first several years or never got out of the planning stage. In fact, a few of the entrepreneurs I worked with expected the business plan to be a blueprint for how to run the business. They couldn't be more wrong.

Here is one major difference between the business plan and the game plan: A business plan is written to impress others with how much you already know so that they can decide if they want to invest money in your venture. Entrepreneurs need to build their weaknesses into some sort of plan so that they don't neglect to take care of them. It's acceptable to admit you don't have all of the answers in the game plan, but you never see any such admissions in a successful business plan.

Business plans do not include implementation instructions, because the writers of business plans focus on accomplishment. They write as if once you dream the dream, it magically becomes reality. They don't write about the hard part—that is, the work it takes to gain success.

Implementing a business plan and a game plan takes hard work. It takes wisdom, discipline, courage, an eye for detail, and, most of all, persistence. It also requires an outward focus and an inward focus. You must set goals, communicate them, review them, monitor their realization, and stick to them when other people might abandon them. Your hard work will pay off, and with the tools I offer in this book, you can make your company a success.

## INVENTING YOUR COMPANY

I know how hard it can be to run a business. In 1990, I suddenly found myself running a publishing company where I'd worked for seven years. In a matter of weeks, I had to grapple with a wide range of management problems; with little relevant experience and no formal business education, I had to learn to take control.

My company had been in business since 1957. I came to it as a writer and editor, then as the company's editorial director—a solid middle management position. The company also had the good fortune to be so profitable and cash rich in its formative years that there had been little need to project or monitor sales or expenses, cash or profit. The downside of this was that very little had been done to set expectations or monitor performance. It was hard to tell how well we were doing at any given time—or how well we would do in the future.

By the time I began running the company, we were no longer cash rich and our markets were changing dramatically, primarily due to new technologies that both made entry into our markets much easier and changed traditional distribution methods dramatically. Without cash to invest in our own growth, I knew we would not survive over the long term.

We had no choice but to reinvent the company. In effect, we were a 40-year-old start-up. We needed a business plan and we needed a game plan. We had to translate a new vision into action.

In the months that followed, I realized that the key to our survival was to get a handle on where our cash was going and reduce our expenses. We needed to change the corporate culture from a happy family business to one where accountability played a significant role. Last, but maybe most importantly, we also had to have a better understanding of what our business was fundamentally, who we were selling products to and what

they would want in the future, and which of our over 200 products were profitable.

### *Challenge #1: Finance*

Although my background was not in finance (or in business), company invoices were much like the bills I paid at home: I knew we paid rent, utilities, insurance, and salaries. I also knew that we paid for the products we produced and their marketing. Then, there were many other items like the outside professionals, computers, and miscellaneous items like office supplies.

Over several weeks, we sorted these invoices from the just-ended fiscal year into categories that seemed to make sense and covered all the types of invoices we found. In questioning people about what each individual invoice pertained to, we found—to our amazement—that many bills had been paid for services we no longer received. This was particularly true for maintenance contracts on equipment we no longer owned. Once the accounting department had been told to expect a particular bill each month, they continued to pay it without question. Many bills are addressed to accounts payable, and paid without anyone else ever seeing them. We cut about \$77,000 in expenses simply by questioning old invoices. That was the first step to taking control of the business and to the development of the worksheets in this book.

### *Challenge #2: Corporate Culture*

My next challenge was in determining employee accountability on a larger scale. How could I hold the employees accountable if they did not know how the company was doing? Because my company was (at the time) partially employee owned, the answer was to share financial information with everyone. I've heard the arguments against this kind of openness, the most compelling of which was that competitors could use this information against you. However, I took employee ownership seriously and expected everyone at the company to help run our business. I couldn't expect others to do what I couldn't do myself—namely, to run a business without knowing those numbers by which we measure success or failure. Too, I shared financial documents with my employees in the hope that they would see how the numbers sprang from their own work. I wanted my employees to grasp the numbers as proof of the importance to the company of everything they did.

In short, I gave my employees access to the financial statements and other documents to help them make intelligent decisions about their work. I educated them about what the numbers meant in the expectation that they would use those numbers not just to gauge our success, but to guide their actions. I discovered the remarkable power you harness by doing this. I discuss in further detail how to empower your employees to understand their impact on the bottom line in Chapter 2.

Informing your employees can have a profound impact on all aspects of your business. Of all the memories I have of the early years, the one I value most came after I started circulating the financial and operational reports. At a rather ordinary operations meeting, an employee suggested that we reduce inventory, saying that this would increase our cash position going into the critical months of our year.

It was an extraordinary moment. Financial consultants talk to boards of directors for hours about inventory accountancy, but on his own, this employee figured out that a tight inventory meant more available cash for us. His comprehension signaled to me that my openness with the numbers had paid off. Moreover, this episode reminded me that when I had been a nonmanagement employee, I had never stopped to think about the impact of inventory on cash in the bank. This is the subject of Chapter 5.

### ***Challenge #3: Marketing and Sales***

Like many entrepreneurs, the founder of my company hadn't believed in sharing financial information with his employees. We received monthly sales reports, and the bonus program for managers depended on profits. I knew that profits depended on sales, and sales interested me insofar as it pleased me to see that the books I wrote actually sold. However, sales seemed magical to me; I had no way to predict them. More important, I didn't think I could affect them in any immediate way. I eagerly awaited the accountant's proclamation at the end of each year—to find out whether I'd get a bonus. I had no clue how I personally could impact sales.

When I became CEO, I found that trying to boost sales was hard, but I developed a number of steps you can take to make your forecasts more accurate, as I'll discuss throughout the book. In my case, I did the following things, all of which are covered in the book:

- I listed all the products we sold, from the biggest revenue earner to the least; I then made the same list using our customer data. I was eventually able to calculate the profitability for each product and each customer. This became my company's guide as to which products to sell most aggressively, and to which customers, as I'll discuss in Chapter 4.
- We discontinued products where we were unable to reduce costs or raised prices where we thought the market would allow it. Some programs worked well, others didn't work at all.
- We closely tracked all our marketing efforts and duplicated those that worked well in tests, as discussed in Chapter 6.
- We constantly tested new approaches; and we worked out kinks in marketing, production, and fulfillment.
- We refined and simplified our corporate vision and mission statements, as covered later in this chapter.
- We began to develop offshoots of our most successful products.
- We paid close attention to what our largest customers liked and didn't like and constantly improved our existing products. This resulted in a doubling of our sales in a few short years.
- We simplified our reports and key indicators, focusing them on things of importance and ridding them of everything else. These had started out unnecessarily complex, based on imprecise formulas and assumptions. The longer we used them, the more basic they became. I cover this area in Chapter 3 on understanding the numbers.
- Finally, personally, I had to train myself to understand how the business was doing on a daily basis. Equally important, I had to make sure the other employees knew how the business was doing so that they would work toward the objectives we developed. I discuss tactics for motivating your employees and communicating your goals in Chapters 7 and 8.

#### ***Challenge #4: Creating a Future for the Company***

After I had been CEO for almost two years, the founder of the company passed away, leaving us without a plan for a change in ownership. The

company was already 40 percent employee owned, and we had decided together to take it to 100 percent. Some of the money had to be generated internally, so we had to become more profitable. Some of the money had to be borrowed, which forced us to put together a written business and marketing plan.

Creating a goal like this one generates unbeatable motivation. Suddenly, our definition of winning was more similar to an athletic game—there was a real dollar number we had to meet or beat to win. This was the genesis of the game plans I've used. They gave people real reasons to hold tight on expenses, and develop new products—reasons that people could get excited about for personal reasons. Every person working at the company had a reason to step up to the plate.

We decided to set up committees that would meet weekly and make sure the plans we made were being implemented. The two major committees monitored profitability (mostly from the revenue side) and expenses. Reporting to these committees were other subcommittees devoted to new products, customer service, strategic alliances, and other business functions. I asked for volunteers to serve on the major committees, and made sure that members from each department were present.

The committees used many of the ideas and worksheets in this book to monitor performance and progress toward our goal of 100 percent employee ownership. The worksheets allow for self-measurement. Employees become responsible for deciding what work needs to be done, and then for measuring what they do.

In 1996, Merritt Publishing became a 100 percent employee-owned company. This was not the end of the game—new challenges immediately confronted us, which meant, once again, a reevaluation of who we were and where we wanted to go. It meant a new business plan and a new game plan.

In 1998, we were approached with a new opportunity, and the employees voted unanimously to sell the company to a large computer-based training company. They believed in their abilities and wanted to participate as a player in the e-learning market. Many employees had ambitions to start and run their own companies where they would deal with the challenges and opportunities of growth and people management like we did as a group.

## LIVING THE VISION

As a business leader, creating an overarching vision can have a profound effect on all aspects of your business. To do your job well, you have to start with four broad intentions:

1. To create the vision and mission that define your purpose.
2. To communicate these clearly and effectively and to translate the vision and mission into goals, objectives, and action items down to the individual level.
3. To measure success and encourage progress through others.
4. To stay the course and refocus on making changes in your action plan as needed.

If you accomplish these four goals, you've gone a long way toward realizing a fifth goal:

5. To build a culture that makes your company a good place to work—and thus improves your prospects for success. You need to give your company a strong sense of purpose.

If you achieve all of this, you'll truly be able to take control of your dreams. You'll be living your vision. Remember, the main goal is to avoid getting so busy managing today's business that tomorrow's business gets pushed aside. Goals are most useful when they help you decide what you and other employees should be doing at work today to help you achieve what you want for the future.

## AN ONGOING PROCESS

When you've set the basic objectives you need to run a company efficiently, you'll usually find you've done much more work than you realized. These tools don't always come easily to entrepreneurial managers. You might doubt the value of something as abstract as a vision statement. But give the matter a chance—exercises that seem simplistic to you may have a fundamental impact on your employees or customers.

Think of your business as a place in which every person involved plays an indispensable role. This is an ongoing process that lasts as long as your company is in business. It's not over when your salespeople sign a

customer. It's not over when you cash that customer's check. It's not over when you ship your product.

If ever, it's over when the phone rings again, and the same customer places another order. And then the whole process starts once more.

## TOOLS FOR MOVING FROM VISION TO ACTION

In this chapter, we'll work through the following tasks within this ongoing process:

- Creating your vision.
- Crafting a mission statement.
- Doing the SWOT analysis.
- Defining corporate goals and objectives.
- Action plans: Turning vision into action.
- Visually representing your plan.

When you've finished, you should have a good idea of the best practical goals you can set for your company. You should be able to look toward the horizon without tripping over any obstacles at your feet.

Before we begin, ask yourself these questions about the future of your company:

- Have you spent time, no matter how long your business has existed, in thinking about the future of your business?
- Is your thinking about the future something you have adequately communicated to others who are involved in the business?
- Has your thinking about the future changed due to changes in the market, the economy, and technology?
- Are you willing to do whatever it takes to get to that future? Are you passionate and excited about the possibilities?

## CREATING YOUR VISION

In a world where advances in automation and productivity have transformed many traditional value-added businesses into commodities,

successful companies need a strong sense of purpose. The vision is a response to questions like: What does your company do? Why does it do that?

To have a purpose and communicate it passionately is the essence of leadership. The vision should be formulated by the founder, CEO, or chair of the board—the person who is responsible for the future of the business. This is the statement of your decision to act, and a definition for what direction that action will take. You cannot lead a group of people unless you set a direction.

A vision statement uses the future to help analyze the present. As the head of your operation, you have to articulate the blend of present and future. Expressing corporate purpose is the most important task management has.

A company needs a vision statement that everyone from the CEO to the receptionist can understand. It formulates what an organization wants to be and stimulates specific goals that can be passed down to every department in the organization. It needs to be something useful and applicable to daily operations. You—and, more importantly, your coworkers—should feel comfortable using your vision statement in everyday conversation.

Indeed, vision means something to people at all levels in an organization. All employees might not know the specifics of the company's marketing plans or financial outlook, but they do know its reputation. They know how other players in the industry or local market perceive it. They know when they work for a quality-driven organization, or one that's content to skim margins from second- or third-rate work.

If you build an environment that values quality, in which people can be proud of their efforts, you'll find better people more easily. And you'll be able to keep them once you've found them. But you can't achieve quality without explicitly saying you want to achieve it. It isn't something people infer from all companies. It isn't something you can effect passively. You have to set it up as a goal and pursue it continuously.

Something you'll find as you do this: People—employees, vendors, customers—want to believe in quality. Quality is rare enough that it has intrinsic value. People will work hard when they understand a vision that seeks quality performance. That kind of vision empowers people to perform well.

### GREAT VISION

Sam Walton had a vision for Wal-Mart. He believed that giving median to low-end retail customers in smaller geographic markets the widest possible choice of inexpensive goods would establish his chain as the market leader among discount department stores. His vision was this:

To offer all the fine customers in our territories all of their household needs in a manner in which they continue to think of us fondly.

Ray Kroc's vision for McDonald's was that people could find fast, tasty food consistently wherever they traveled. One of the goals of McDonald's is that the food in all of its stores—all over the world—tastes exactly the same. And that its customers have a clean pleasant place to eat it. This is clear in reading the McDonald's vision statement:

To be the world's best quick service restaurants experience. McDonald's accomplishes this by providing each customer with outstanding Quality, Service, Cleanliness and Value.

What is remarkable is that so many employees at all levels in both these organizations still share the founder's original vision.

Results come when people develop a shared vision of how they want their organization to be perceived and are willing to work every day to maintain that vision.

### *Making It Happen*

As you approach the task of defining your vision, first, spend some time talking with someone close to you about your company and your dreams for it: Ask yourself why you started your company, what you wanted to accomplish, the legacy you want to leave personally and professionally.

Your vision should have several elements: It must be long term, meaningful in a human context, and appeal to a higher purpose. A vision statement is not easy to write in a sentence or two, but writing it will make it clear to you and meaningful to others.

What do good vision statements have in common? You feel you know the company when you read them. They give the company a human feeling,

a personality. They set out what the company values. They often refer to quality of life issues.

Try several drafts by answering these questions:

- What do you see your company becoming in 5 to 10 years?
- What values are an essential part of who you are and what you want your company to be?
- What innovations will your customers be looking for if they knew what was possible?

### *Reality Check*

Circulate your vision statement drafts and edit and rewrite them until you feel good about them. Remember, the goal is for everyone in your company to believe in your vision; therefore, be sure to get the opinions of different people throughout the organization. Next, make sure it answers these questions:

- Who are you as a company?
- Where do you want to make your mark?
- How high do you want to shoot?
- What do you believe in?
- Does what you have written embody the spirit of where you want your company to head?
- Can you live with this vision? Are you willing to (or more appropriately, do you automatically) act in accordance with what you have written your vision to be?

If you find your new vision statement doesn't jive with the above questions, then don't be afraid to start anew. Defining your vision is an essential responsibility, and you might not get it right on the first few tries.

## CRAFTING A MISSION STATEMENT

As you develop your overarching vision, you can use this process of self-exploration to determine your mission statement as well. These are two

different entities—what the vision statement is to strategy, the mission statement is to tactics. It identifies the critical processes that impact implementation of vision. The vision statement will endure much longer than the mission statement. The vision statement will change only if the core purpose of the business changes. The mission statement may change as competition or technology changes.

You should have at least one mission statement for your company—and you may develop related ones for each distinct department or division. You may also want to develop temporary mission statements to communicate a current focus.

A good mission statement gets people to act in agreement with the company's broader goals. It reminds them how to behave every day, regardless of what temporary forces work against them, so that they can help realize the company's vision.

The mission of a company is not dreamy, like a vision. It is based in today and reality. It defines specifically your product and your market—who you will sell to and what you will sell.

A complete mission statement clearly and fully describes which factors—and, if necessary, which resources—are most critical to supporting the business strategy. The three factors that most managers consider in terms of their mission are:

1. *Quality* and reliability must be defined in terms of the customer (externally) and projected back (internally) to determine their impact on product development and operations. Internal quality benchmarks, as useful as they can be in monitoring operations, don't play as vital a role in developing a mission statement as do customer needs and wants. You have to consider the level and meaning of quality and reliability appropriate to the desired competitive position in the marketplace.
2. *Value* can mean lowest manufacturing cost, lowest selling price, or best quality for the money when other factors are considered. The first two definitions are fairly objective. Even though many management gurus stress so-called "best value," that definition tends to be so vague that it's useless.
3. *Service* includes more than just the friendliness of the greeting a customer hears when your receptionist picks up the phone. It translates into the degree to which you can devote company

resources to the needs of a specific customer—without ignoring all others. As we'll consider later, this has much to do with operations. Service entails manufacturing flexibility and versatility, the ability to produce a large variety of products of various volumes to supply a diverse market—and to do so quickly.

No organization can succeed by concentrating on any one of these factors to the exclusion of the other two. Your challenge is to balance the resources you apply to each in proportion to priorities based on current situations and future positions.

Management should agree on functional mission statements that identify the operating resources that are critical to support the business strategy. For example, Domino's Pizza made a dramatic change in emphasis when it changed its mission statement. Domino's was known in the pizza delivery business for its 30-minute delivery guarantee. It discontinued its 30-minute guarantee in 1993 and replaced it with this simple statement:

Exceptional people on a mission to be the best pizza delivery company in the world.

In those few words, Domino's shifted its corporate emphasis from speed to quality.

While a mission statement can be as simple as defining the product and the market, some companies feel that the way they treat employees and customers is just as important in defining who they are as is the product and market. For example, since the late 1980s, the big players in the U.S. automobile industry have focused mission statements on reducing new product realization (the time passing from concept to the cars in the showroom) from 48 months to the 12 months that carmakers like Honda can boast. Ford, General Motors, and Chrysler have all raised their quality standards to match their foreign competitors, but they suffer in comparison because they take so long to respond to market demands.

General Motors decided to create a new paradigm with Saturn. Its mission statement is intended to benefit not just customers but the whole organization of which it is a part:

[Our goal is to] market vehicles developed and manufactured in the United States that are world leaders in quality, cost, and customer satisfaction through the integration of people, technology, and business

system and to transfer knowledge, technology, and experience throughout General Motors.

As Saturn's many devoted customers can attest, this is a different kind of company within the GM conglomerate, and its mission statement sets the tone with its customer-oriented practices.

### *Making It Happen*

The discussion that can lead to preparing this portion of the mission statement may be the most important part of creating it. To be able to clearly define your market may be a more difficult task than you would think.

Look at your own promotional catalogs to see if all of your products have a similar theme that you can define. Like Federal Express, is your primary product speed? Like Nordstrom, is your primary product quality in terms of service? Or like Apple computer, is your primary product quality in terms of ease of installation and use? Like Wal-Mart, is your primary product wide selection?

Get a list of your customers and look for their similarities. Is your market who you thought they would be? Can everyone who buys from you be classified as a particular group? Or like FedEx, is your market almost everyone?

Take these preliminary ideas to your employees and see if they agree. Have meetings just to discuss these items. Then test them in the outside world. Draft your mission statement from these questions:

- What do you sell?
- To whom do you sell it?
- What does your company do better or want to do better than anyone else?
- How does your company rank the importance of quality, value, and service?
- How do you define each of these based on customer needs and expectations?
- How will you achieve your vision?

### *Reality Check*

As with the vision statement, circulate your drafts and edit and rewrite them until you feel good about them. Then ask yourself and others these questions:

- Does your mission statement capture what makes you unique as a company?
- Would your customers and vendors recognize you in these statements? Would they be pleasantly surprised because they could really buy in to these directions?
- Are they directions your customers would agree with?
- Is your mission statement inspiring?
- Does this give everyone in your company direction for each day when they walk in the door? Is there any ambiguity in what is most important?
- If an employee faced a difficult dilemma at work, would thinking of your mission statement lead them to make the right decision?

## ANALYZING YOUR STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS

To begin to make certain that the vision and mission are attainable, many companies participate in an exercise called a *SWOT Analysis*. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. The system stresses a more complete perspective on what accounts for success in a company. It was originally developed by the Massachusetts-based Boston Consulting Group in the early 1970s.

The SWOT Analysis works well because it contrasts the internal and external factors that affect a company. It matches the strengths found in the company's internal environment with opportunities in the organization's external environment in a way that makes its core competencies self-evident.

Scanning the internal environment includes an analysis of the company's structure, its culture, and its resources. Here are just some of the areas that should be considered in SWOT Analysis:

*Strengths.* Our strengths are our core competencies—those things we do better than any of our competitors or that really tie together all the products we offer in a unique way. What internal structures or expertise do we have that are a special source of pride? This becomes the center for determining what we will do in the future. We want to constantly build on the things we already do particularly well.

*Weaknesses.* For every thing we visualize clearly or do well, there is something we can't see so clearly or do so well. Some of these weaknesses we can change—others we can't. Where do we need to build our company? What is holding us back or creating a bottleneck for everyone else? If we choose to spend money or other resources in one direction, in what other directions might we be tolerating or creating weaknesses?

Ask yourself whether the following things are strengths or weaknesses for your company:

- Product quality.
- Quality of the management staff.
- Quality of technical staff.
- Brand name.
- Planning process.
- Quality of staff performance management system.
- Profitability.
- Availability of cash for growth.
- Quality of marketing and sales efforts.
- Compliance with legal requirements.
- Facilities.
- Operations.
- Staff morale.

The Opportunities/Threats portion of the SWOT looks at factors outside of your company, but which will have a profound affect on your ultimate success. Scanning the external environment clarifies your future

opportunities, but also forces a company to face problems that could threaten the company's survival if not taken into account.

*Opportunities.* The most difficult thing about opportunity is recognizing it. The old adage about opportunity knocking once does apply in many cases, so we need to see it—and be able to act on it—when it comes. What are our greatest challenges in the changing environment of the industries we serve? How will new technologies help us? What will our customers need in the future that we can supply? What opportunities will open up globally?

*Threats.* As with weaknesses, there are some threats we can minimize and there are others we can't. We need to do all we can to control the threats we can predict—and prepare for the ones we can't. What outside our control could threaten our existence? How might new technology hurt us? What in the political environment (government) might threaten us? Will ups or downs in the economy hurt us? What in our physical environment might threaten us? Remember to consider the following factors:

- Market limitations.
- Lack of availability of capital.
- Problems with suppliers.
- Natural disasters.
- Location challenges.
- Quality of labor pool.
- Revolutionary changes in the industry.
- Governmental regulations.
- Technological changes.
- Socio-political challenges.

### *Making It Happen*

The point is to build on your strengths, limit your weaknesses, capitalize on your opportunities, and survive the threats to your business. Devising a strategy for doing each is key.

This is a tool often used for a group discussion by key people and for good feedback to management of how employees view the company. A SWOT Analysis can be done for the company as a whole, as well as for various departments. This is how I use the process:

- Divide a blank sheet of paper into quadrants, marking a heading for each of Strengths, Weaknesses, Opportunities, and Threats.
- Give copies to key staff members and ask them for their analysis independently. Then ask for all the input brought in from each member of the group in each of the four categories.
- Write out all ideas on a board in front of the group, and then pick 7 to 10 of the items in each category that seem best to fit your company. As with many management issues, the challenge for you is to judge well which items under each heading are key and which aren't.

When you've identified Strengths, Weaknesses, Opportunities, and Threats, you can compare each to your vision and mission statements.

### *Reality Check*

Doing the list is just the first step. Now look at your list and ask yourself these questions:

- Are you using your strengths to their fullest capacity? Are they things you could leverage by teaching them to more people to develop more product, market better, or be more efficient?
- Do your weaknesses and threats make your vision and mission unrealistic? If there are illogical connections or inconsistencies, what do they mean?
- Do you celebrate what you do well enough?
- Why have you chosen to live with your weaknesses? Would eliminating these be painful? Result in difficult staff changes or cultural changes? Are they financially costly to resolve?
- What is holding you back from taking advantage of your opportunities?
- Are your competitors taking better advantage of these than you are?

- What can you do immediately to minimize threats?
- Do you have plans to minimize the damage if any of these threats become a reality?

## DEFINING CORPORATE GOALS

The next step in the process of analyzing your company and defining your vision is to set your corporate goals and objectives.

Corporate objectives turn vision and mission into specific items to be accomplished. They should also be written to include specific measurements to know if success has been achieved.

Corporate goals can be set for many years in advance. With the current pace of change, focus on three years out at the most for setting real objectives. Objectives must be updated often and most companies set a planning structure to update them on an annual basis. You want to do the most detailed planning for work you decide is the next step toward your vision—work that can and should be done right away or in the next 12 months.

Corporate objectives must be set at the corporate level. They should be big, bold, and highly motivational. But there shouldn't be too many of them or they dilute the possibility of accomplishing any. Two is probably too few, nine too many—five always seems like a good number to me.

The corporate objectives should also be realistic. The goal for a small dry cleaning establishment to grow to \$10 million in revenue its first year is not going to be good for the owner or the employees. A more realistic growth plan, perhaps to open four new stores in the next three years, will make a better goal.

Ultimately, there should be subobjectives set for all aspects of the business. You should set goals for constant improvement in all segments of the business, even if you focus more of your time, attention, and resources in certain areas. You may never set a corporate goal to streamline your accounting department, but that might be a subobjective to an overall cost-cutting strategy.

Good measures will have numbers and times attached to them. Here are some examples of goals and objectives:

- We will have 20 new customers at the end of the year.
- We will have a 10 percent market share in our main product line.
- Our substantial investment in R&D will allow us to have three new products in the pipeline in 18 months.
- We will generate gross revenues of \$1 million per quarter.
- Our gross profit margin will increase from 28 percent to 33 percent by the end of the coming quarter due to cost-cutting initiatives.
- We will open three new locations over the next 12 months.
- We will increase our workforce to 70 employees by the end of the quarter.
- The business will have a net worth of \$14 million in 5 years.
- I intend to sell the business in 3 years, so it must have a competent management team in place by the end of year 2.

Once you decide what to do, you have to decide who does the work—and this takes you to the action plan. Here you break down the work by department, team, and individual. You let each one know what part it plays in the overall plan, when it must complete a given task, and how it can measure its own success.

### ***Making It Happen***

Although corporate objectives are set by leaders and managers, they may begin as a negotiation between the owner or CEO and the managers of the company. The owners or the board want certain things accomplished this year. The managers don't know if those things are doable given what they know about the capabilities of the company. The discussion of whether the profit goal of 10 percent is realistic this year is important.

The owner or CEO should decide corporate objectives based on what trends have led to this point, what resources are available to the organization this

year, and what opportunities are open in the market. The objectives chosen should be explained in detail to managers with a focus on why they are right for the company at this time.

At a separate meeting, managers should have the opportunity to counter the selected objectives or validate them. Why don't managers think they are achievable? What would it take in terms of additional resources to make them achievable? Is the CEO willing to provide those resources?

While the owner or CEO must make the final decision about the annual objectives, it should only be after lively debate with key managers and others. It is more likely that the achievements will be met if people agree with them or at least have an understanding of their formulation.

### *Reality Check*

Corporate objectives must be meaningful to the people responsible for accomplishing them. Ask yourself these questions to see if your objectives are realistic:

- Do your objectives further the intent of your vision and mission?
- If you completed all of the objectives, would you feel you have accomplished something that is key for the company's overall success?
- Are the objectives realistic within the time frame allotted?
- Are the objectives realistic, given the circumstances of the current market?
- Are the objectives realistic, given your resources in terms of staff ability, time, and money?

## ACTION PLANS: TURNING VISION INTO ACTION

Once you have determined your vision, mission, and corporate objectives, you must then set into motion more specific plans of action. This includes defining the person responsible for different aspects of the plan and assigning specific due dates.

*Action plans* are marching orders and provide very specific directions.

This is the essence of employee participation in the planning process. Some people enjoy the freedom of a blank piece of paper to dream about what they would like to accomplish. Most, however, just want to know that they can make a contribution.

Try to make it clear exactly what you—and your managers—want this exercise to accomplish. Done well, these action plans can become milestones that you use to gauge performance and progress. That goes for individuals, departments, and the company as a whole.

In many cases, this is an appropriate part of a person's annual performance and compensation review. In other cases, you use them on a project-specific basis. Because action plans are so straightforward, they're useful in almost any managerial context.

### *Making It Happen*

Give each person who works with you all of the material developed so far (vision, mission, and corporate objectives) and then encourage each to write his or her own action plans, linking them to specific corporate objectives.

These action items should be discussed with the manager who sets the objectives. They can become part of the employee's personal goals for the year, and compensation decisions can be made using accomplishment of these specific goals as part of the decision process.

There are also objectives within a department or involving more than one department that can only be met with a team of people. Pick the team of people, or ask for volunteers, and give them the appropriate worksheet to use to develop action items as a group.

Some individuals are much more creative verbally than in writing. Encourage people to sit down with peers from other departments to talk through the meaning of each objective and how their individual work can help contribute. Notes taken from these discussions can translate into meaningful action items.

If you establish this process as a credible exercise, your people will tell you things you might not have thought of before. And if you can tie a person's paycheck into what you want them to accomplish, and also make sure they are recognized for their achievements by their peers, you can almost be certain that they will meet the objectives that they themselves set.

Once action items are set, negotiate deadlines for completion. Before they are finally written, deadlines should be agreed on between the manager and the employee, and interim deadlines should be set if there are long or complex projects.

### *Reality Check*

Ask each person who is responsible for the action items to help you and others determine if the action items are appropriate for them. Have them answer these questions:

- Do these action items work toward meeting the objective set?
- If all the action items under a single objective are met, will the objective be met?
- Are these action items clear enough to give employees adequate direction?
- Is there any ambiguity about what successful accomplishment means?
- Is the employee/group committed to getting these things done?
- Does the employee/group think these plans are realistic considering the current workload?
- Are there adequate resources available to make these action plans possible?

## VISUALLY REPRESENTING YOUR PLAN

Frontline workers often complain that they're not told where and how their efforts fit into the company as a whole. That feeling can be a major disincentive to effective work and innovation. Take every chance you can to help your coworkers understand that their contributions make a difference to the company.

It is vital to take the vision/mission, corporate objectives, and action plans out of your head and develop them visually as a communications tool. You must translate into graphic form the concepts, objectives, and goals you've set out in other exercises.

Pulling together all of the elements from this chapter, we can visually show how each section draws from the previous to make up our game plan. It compares different exercises in relation to one another and their overall importance in the management process. This is a powerful tool for communicating all of the pieces of the planning cycle to your people and for letting them see where their work fits into the whole.

### *Making It Happen*

Colorful eye-catching visual communication is inspiring and exciting. When I was CEO of a publishing company, we tried to be as creative as we could when we used graphics to represent important business concepts. We tried a number of different methods, from using glass jars and beads to toy horses on a track to stacks of books.

A graphic can compare statistics or trends that don't always leap to mind as relevant but, together, shed insight and understanding on a key business function. This kind of graphic tells everyone where he or she fits in the planning process—usually something companies, especially big ones, keep trapped in the boardroom.

One of the methods we liked best was to create a wall-size circle and post it in a common area. In the center, we put the company vision. In the next concentric circle out, we placed the mission. This was followed by the corporate objectives. Ultimately, each department and then each individual was named with his or her own action items. This showed a direct link between the company's vision and the individual's course of action. Keeping several years of these circles in a conference room reminded us of how much we had accomplished.

Use your imagination to add color and graphics as appropriate to communicate your direction to everyone, every day. Encourage people to study the visual representation—and even have employees and managers cross off items that have been completed, and date them at companywide meetings. Celebrate each of these significant events. If you can develop a

graphic that lives on the computer, it can be changed in real time and made available to all employees when they wish to see it.

### *Reality Check*

Looking at your visual representation of your vision, mission, objectives, and action items, consider these questions:

- Do you have a sense of a team pulling in one direction? Do any of the items you see contradict each other?
- Does this look like a year's worth of work? Are all of the items significant and meaningful?
- Are you excited by the work this represents? Does this visual help you imagine how you will feel when projects are completed?
- Is this document posted in a place where people will find themselves and mentally review their progress (and that of their peers) every day?

#### **WHAT'S NEXT**

In this chapter, we've started our work on a vision for the company and translating that vision into action. We are still in the planning stage. We take that planning stage closer to reality in the next chapter on budgeting. Budgeting is planning with dollars and it is through the budgeting process that we begin to know whether our vision can be translated into a profitable company.

