How To Ensure Your Recession-Fighting Game Plan Gets Implemented

By John W. Myrna

A strategic or action plan to achieve a corporate goal in a certain period of time is only as good as its implementation. The challenge for all CEOs, therefore, is how to effectively put together a high quality, strategic plan that their Executive Teams will implement.

This task is daunting enough in good times, but it's particularly challenging in depressed economic conditions when companies are looking for the right strategy, right now, to reduce expenses, manage cash flow, protect value, and regain growth. Any misstep could cost them dearly.

The bottom line is that companies can stabilize their current situations and complete their transition to new tracks in as short a period as four months. But to do this the CEOs must know how to avoid all the obstacles and pitfalls that prevent successful strategic plans from being developed and implemented.

Here are the top 10 reasons that strategic plans don't get implemented and what CEOs can do to avoid falling into the same trap. We have compiled this "Top 10" list from our experience of working as strategic plan facilitators and consultants with hundreds of mid-size and large companies over the past 15 years.

Problem #1: The strategic plan took too long to create.

Using a complex strategic planning process can actually impede the process and delay the completion of a finished plan. Put another way, one can spend so many hours and days constructing a strategic plan that no time remains to implement and produce the results.

A former executive of the retail company, Sears, recently attended one of my strategic planning talks. He told me that one problem with Sears' planning process, in his opinion, was that it lasted nine months. "By the ninth month, the year was almost over so we would shelve our work on the plan and shift our attention to the next year," he said. While his comments about Sears may be apocryphal, the act of taking too long to develop a plan is the downfall of many companies.

The most dangerous word in planning is "draft." If a plan is in development for a long time, and therefore remains in draft form, no one needs worry about being accountable for its implementation. The objective must never be to build

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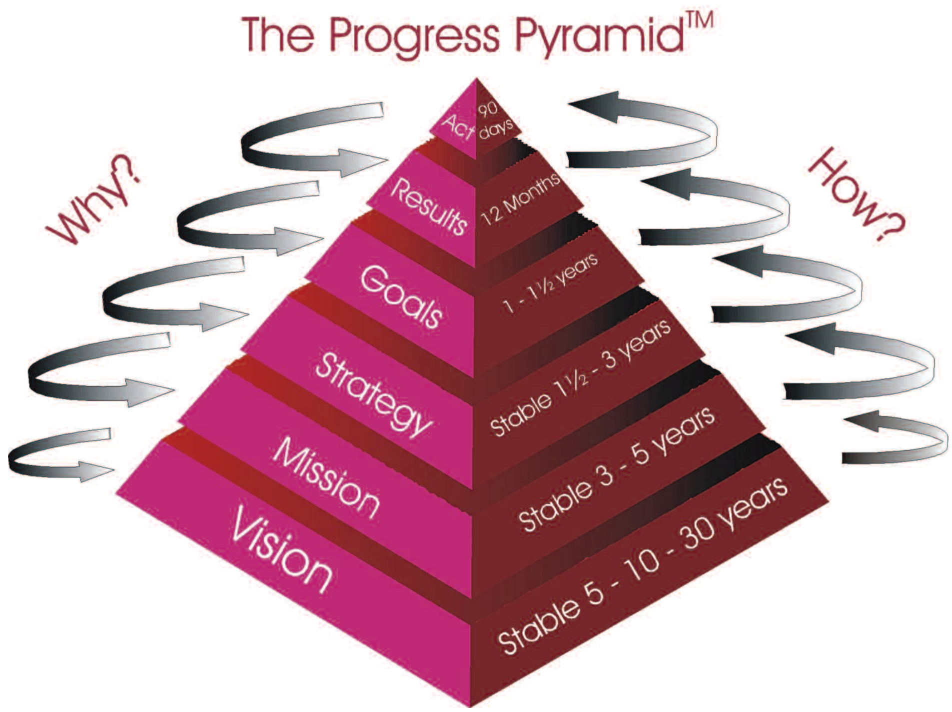
a strategic plan; the objective must be to develop and implement a strategic plan.

At STSC, Inc., the last company I worked for before creating my own professional firm, we scheduled a full day of pre-planning meetings, two separate weeks of off-site meetings, and multiple activities after the off-site meetings to create the plan. We ended up with a strategic plan each year but, because of the time spent developing the plan, none of the executives could afford to put any time into follow-up and tracking. In retrospect the process was out of balance: 90 percent of the company's resources were allocated to building the plan, 10 percent to execution!



Here's a good example of how to stop putting all one's resources into the planning stage. When the US decided to build the American transcontinental railroad, it was faced with huge capital requirements to build a three-thousand-mile railroad that would only begin to produce revenues when it was finished. What enabled America to build it ultimately was a status-quo-changing paradigm shift. Instead of focusing on the technical challenge of building it "100 percent right," Congress put incentives in place that focused builders on finishing quickly. They reasoned there would be plenty of time and money to replace any under-engineered bridges and roadbeds once trains started carrying paying traffic.

Similarly, a draft strategic plan is of limited usefulness; a version 1.0 plan that is being executed and continuously enhanced immediately gets everyone on track.

Every strategic plan has elements of exploration and exploitation. Experience helps identify the optimal products and markets for a strategy and also helps execute the winning formula. When you don't have actual experience, you need to explore until you identify the winning equation.

If you have never traveled to London, for example, you might be able to get a general feel for the city by studying Google maps, seeing movies filmed in London and talking to people who have lived there and done business there. To really understand the city, however, you need travel to London, get on the ground and interact with the people there.

To finish the exploitation part of a strategic plan, it's important to move from researching and talking about it to actually executing it.

The solution is to stop using an overly complex planning model. Hours can be wasted arguing over semantics. Is this a goal or an objective? Is this part of the vision or mission? A simple model with clear, useful boundaries is a better choice. For example, Myrna Associates has streamlined the strategic planning process into six distinct interlocking levels, a model we call the Progress Pyramid™. Each level provides a stable platform for investing the resources required to effect change.

We start with our long-term Vision

- How do we fulfill Vision?
  – by achieving our Mission
- How do we achieve our Mission?
  – by executing our Strategy
- How do we execute our Strategy?
  – by changing status quo Strategic Goals
- How do our Strategic Goals change the status quo?
  – by producing Results.
- How do we produce Results?
  – by taking Action Steps in the here and now

You build the plan from the bottom up – setting direction all the way from a 30-year vision to specific 90-day tactical action steps. You execute by cycling between action steps and the results they produce.

The simple model utilizes clear definitions of each element. We have found these definitions have stood the test of time.

- **Action Step:** A burst of activity that moves the company toward producing a specific result. Each burst is defined by W-3. What gets done? Who is accountable for it? When does it have to be completed? Action Steps are the immediate, tactical means to produce a specific key result measure. Action Steps are immediate with completion dates no more than 90 days out.
- **Key Result Measure (KRM):** A specific, team-defined, measurable outcome that along with other related KRMs define successful completion of a Strategic Goal. All the KRMS are expected to be achieved within 12 months of the annual planning meeting.
- **Strategic Goal:** A goal is strategic when it changes the status quo. Strategic goals are best communicated with a succinct sentence starting with a verb. (The detail of each Strategic Goal is captured with its KRMs.)
- **Strategy:** A one-page description of where the team wants the company to reach within 3-5 years. How big, how profitable, what markets, what products, use of technology, organization, etc. Think of the strategy statement as the picture on a jigsaw puzzle box. When everyone can see where we are headed they can do a better job aligning daily actions to that completing that picture.
- **Mission:** A collection of words and phrases that answer four big focusing questions for the company. Who do we want to be? What do we want to do? Who do we want to do it for? Why do we do it? The mission statement, a paragraph or two chaining the words and phrases together, is not as important to the strategic plan as the content of the words and phrases.
- **Vision:** Recognition of the company's ideology – core values and purpose, and envisioned future build around an inspiring Big Hairy Audacious Goal.

Problem #2: The plan wasn't created and owned by the Executive Team.

You get the best results from harnessing the wisdom of your Executive Team, the team that will implement the plan and live with the consequences. Too often CEOs try to save everyone time and write the plan themselves. Unfortunately, with this scenario, every time there is a problem with the implementation, team members can turn to the CEO and place the blame at his or her feet.

Another common mistake is to hire an "industry expert" or other outside consultant to write the plan. At best, the consultant actually gets everything he or she needs to create the plan from interviewing team members individually. At worst, the consultant creates a plan without taking into account the passions and competencies of the Executive Team, the very individuals who will need to oversee the implementation.

There is power in having the Executive Team develop the final plan, even if it is 98 percent the same as what the CEO or outside consultant would have written. They say that the difference between a human and chimp's DNA is only two percent but what a difference that two percent makes! No one has as much skin in the game as your Executive Team members so they should be the ones to develop the plan and then implement it.

That said, there is a real challenge to getting the team to fully participate, especially in the presence of an energetic CEO. To overcome this obstacle, we've identified four tips for getting everyone engaged in a strategic planning meeting.

- CEO agrees to listen during discussions, not lead them, and always to speak last. (How can the CEO know if his or her ideas are understood if he or she never pauses to hear feedback?)
- Executives agree to look at the business through the eyes of the CEO. (They must represent the whole company, not their fiefdom, line of business, profession or staff.)
- Participants agree to abide by a simple set of meeting rules that create a safe environment for speaking up. The rules should include the following points as a starter: listen, stay focused, speak up, say what needs to be said, don't worry about sacred cows, avoid cheap shots, respect differences of opinion, focus on solving problems, disallow defensive stances or placing blame, add only new information, permit one discussion at a time. Most importantly, create consensus that silence implies understanding and agreement.
- Information and ideas are gathered and discussed in three different ways: through anonymous, independent input forms filled out by each attendee before the meeting; through small group discussions at which time individual ideas are hashed out and combined and prioritized; and through discussions with the entire group to achieve team consensus.

The goal is to reach a consensus where every team member can say, "While this isn't exactly what and how I'd would have done it, it makes sense for the company." If a team member doesn't believe it makes sense then you need to continue working until it does. When the team reaches consensus that the plan makes sense they are equally committed to executing.

Team-driven strategic planning has another advantage: it dramatically improves results and teamwork while lowering executive stress.

Problem #3: The plan overreached and included every good idea.

The planning process must ruthlessly prioritize opportunities and focus on the ones that do the best job of moving the company toward its short- and long-term vision.

A plan has been "overreached" when it has too many strategic goals. Strategic goals are strategic because they change the status quo. Companies can follow-up and manage about five strategic goals a year. It's not a question of how many good ideas you can identify in a planning meeting. It's a question of how many you can focus on and implement during the year. Remember that at least 90 percent of a company's resources are already committed to meeting current obligations. Operational planning is about optimizing the 90 percent. Strategic planning is about optimizing the remaining 10 percent.

As an example of how groups tend to concentrate on a limited number of objectives, watch a group reviewing a list of 20 items. How much attention do items 1-6 get? How about 7-10? What about item 15? Five appears to be the ideal number of strategic goals for an Executive Team to focus on during the year.

This is where following the Progress Pyramid™ provides value. Actions and results need to be directed to achieving the larger strategic goals. We have seen company teams add "nice to do" stuff at the end of the planning process. Then they realize that a to-do list of 100 good things creates a lot of noise that obscures the truly strategic objectives.

Problem #4: The Executive Team lacked the required passion or competence.

Members of the Executive Team who are tapped to be part of the planning team must include enough knowledgeable individuals in the business to provide sufficient insight in developing the plan and sufficient legs to implement it. In our experience the minimum number of individuals, including the CEO, is five members.

On the other hand, if your planning team is too big you can't cover all the issues and reach true consensus. We've found that the process flounders once you get beyond 12 individuals.

Each strategic goal requires a champion to drive it during the coming year. The status quo doesn't change on its own. Therefore, it's important to assign a champion to a strategic goal that is passionate about reaching the goal. If you cannot find an executive to drive a goal, put it back in the folder for next year.

As companies match their strategic goals with the passion and experience of their Executive Team members, they sometimes realize that their Executive Teams must evolve to reflect changes in the company and the environment. What this means is that CEOs must be willing and able to develop executives, recruit new talent, shift roles, and periodically transition executives off the team who no longer fit.

Problem #5: The CEO wasn't really focused on the plan.

Implementation of a strategic plan requires commitment from the team to produce results, and a commitment from the CEO and Board of Directors to provide the resources and attention required. If the CEO has a scattered approach to running the business and wants to be in a different business every quarter, then a strategic planning process is a waste of time.

We have had CEOs who meant well and initiated strategic planning because they were told by their CEO colleagues, outside consultants and/or Board of Directors that they needed to. Once the plan was put together, however, they realized that focusing on the plan was not in their DNA. CEOs who cannot walk the strategic planning walk after talking the strategic planning talk need to decide if they truly are the right individuals for the job of building the company.

Problem #6: The plan never identified specific tactical action steps.

One of the most essential keys to implementation is to drive through and identify what action steps need to get done over the next 90 days.

I recently was a guest at a California services company's planning meeting. At the end of their meeting they took out a flip chart and listed all the things that would be good to do this year. No names, dates, or actions were attached to the items.

As the next step they allowed each team member to take two weeks to create his or her own action plans. The rationale was that each executive would take the full two weeks to develop strong plans and even begin to implement them during the period. It didn't prove to be the case. I remember actually catching people writing down their action steps on the way to the follow-up meeting. The action steps weren't better; they were just started two weeks later.

A plan is a design document. Designing is an art of balancing competing forces. When you develop a new product, for example, the customer wants it yesterday, wants it to include every feature, and wants it to cost next to nothing. Every design starts by balancing each of those three elements. A designer identifies each issue, puts all in front of him and begins to weigh one against the other, looking to identify the best balance of competing considerations. The more issues he or she is able to consider, the better the design. Physiologists call this the magic state of mind when every issue is clearly in their mind and in a state of flow.

A two-day, intense, disciplined strategic planning meeting puts the entire planning team into that state of flow. By the end of the second day each member of the team has all the strategic goals and their key result measures clearly in mind. At the end of this second day is the ideal time to establish a starting set of action steps.

In practice every team says they will "revise" the action steps when they review the plan next week. In reality the action steps they define as part of the plan are the action steps that actually get executed.

Problem #7: The plan focused on activities rather than tangible results.

Action steps are your tactical plan for achieving specific results. As executives tend to be people of action, they hate to waste time reaching consensus on direction. Rather, they want to jump directly to defining action.

It's satisfying to be busy all the time and bragging about how hard one works. But being busy and producing results are two different things.

One of the pitfalls we've found is a team that focuses obsessively on the action steps. For instance, one of my software development teams was utilizing fancy project management software. Every week the project leader spent hours changing due dates for action steps and recalculating finish dates rather than completing them. He consumed hours reporting on what was and wasn't done without thinking about the results those activities were meant to achieve. It took the act of deleting the management software from the server to get the project back on track!

The focus of execution needs to be the Key Result Measures. Every 90 days you need to "toss out" existing action steps and rethink your tactical approach given the reality of what happened over the past 90 days. The action steps from 90 days ago may still be valid but more likely you will need a different approach to achieving the planned result by year-end.

Problem #8: The plan failed to define explicit accountabilities.

Every annual goal, key result, and action step needs to have a single, named individual who is accountable for making sure it happens.

The Executive Teams of our client companies always nod their heads when we say this and then attempt to list all the people involved as equally accountable. If everyone is accountable, no one is accountable. We've found the best definition of accountable comes from the finance community. A CFO is accountable for knowing where the company's finances are, why they are there, and what the company is doing about it. Therefore, the responsible party at a minimum must be able to account for the current state of his or her part of the plan is, why it is where it is, and what's being done about it.

Each Strategic Goal needs to have a unique Accountable Party or Champion to shepherd it. These champions are the team's member with the best mix of passion and competence for that goal.

Each Key Result Measure needs to have an Accountable Party to make sure the company is on track to achieve it by the end of the planning year.

Each Action Step needs to have an Accountable Party who is responsible for making sure it gets executed.

In a perfect world, the CEO should only be accountable for shepherding the entire plan.

Problem #9: The plan lacked a formal process for follow-up and adjustments.

There is never a convenient time to review the strategic plan. Teams are always in the process of being overcome by events. The only way to ensure execution is to establish and hold periodic reviews.

Myrna Associates has found that a scheduled approach to follow-up works best. The company makes a commitment to a dozen planning/accountability events a year. The first event is an annual facilitated two-day planning meeting to build/rebuild the entire strategic plan complete with vision, mission, strategy, strategic goals, key result measures, and initial 90 days of action steps.

To assure each member of the team is held accountable for execution, CEOs should hold a series of "accountability events", i.e. regularly scheduled review meetings. In today's environment the more frequent, the better. We've found these accountability events work well:

- A morning and evening 15-minute "huddle" with the Executive Team to identify the key action steps that will be or have already been accomplished that day.
- A monthly two-hour, facilitated action-step review where each responsible party walks through outcomes and related action steps.

(This can be done through conference calls and Webinars.)

- A quarterly eight-hour, one-day review meeting where the team brainstorms tactical solutions, checks the plan against the current environment, and resets/rethinks the action plans.

Success comes from budgeting the time, putting the events on everyone's calendar and holding to that schedule no matter what this month's crisis is.

Problem #10: The company confused cost with value.

Over the years we've worked with CEOs who have inadvertently short-changed their planning process in many different ways. As the old saying goes, there's never enough money to do it right the first time, but always enough to do it over.

The most common mistake is for CEOs to facilitate the meetings themselves. They think they're saving money. Not only will they avoid the cost of a professional facilitator, but the meetings will end up running a lot shorter!

But is this the right choice? The answer is a resounding "no." If the stakes are high, it's important to bring in a professional facilitator – with a proven process – to run the planning meetings.

The second most common way cost is confused with value is to insist that a planning meeting happen in one day – by starting at 10:00 AM and ending at 4:00 PM. After all, don't we already know what we need to do? Typically, some issues in every company require more time than anticipated to work through to a decision. You don't want to get 90 percent toward a consensus on a solution and have team members get up and leave because they have a flight to catch.

Ending a two-day planning session prematurely is also a risk. In about 33% of the meetings we facilitate, there is a temptation to "end early" because everyone has to "move on" to keep on the agenda, to make the next meeting, etc. This is why we ask team members to be prepared to work as late as 8:00 PM both days. Often the day-long session ends before that time, but if the group needs to continue to work through an issue, they have already committed to stay until 8:00 PM.

Another mistake is to disregard the value of an annual planning process. Why not just adjust the plan the team put together a year ago, or two, or three? The problem with this approach is that the company has learned a lot over the past twelve months. The Executive Team is likely different then it was a year ago, and the market has inevitably changed. If all the company does each year is put another coat of shellac on the plan it drifts away from reality.

The strategic decisions that come out of a well-run strategic planning process save hundreds of thousands of dollars. False starts in hiring, product or market development, and geographic expansion are extraordinarily expensive. If you avoid just one false start you more than cover the cost of even the most expensive planning process.

The most common testimonial we receive from CEOs after facilitating a strategic planning process is that they wish they had done this type of planning five years earlier. But it's never too late to get started. By starting now and avoiding these - common problems that prevent plans from being implemented, CEOs can assure that their companies survive this difficult economy.