

STRATEGIC PLANNING

Preparing and Leading the Planning Process

by Verne Harnish

and the team at Scaling Up

EXECUTIVE SUMMARY: *The key to success in most endeavors requires the right preparation, execution, and follow-through. In this bonus chapter accompanying Scaling Up (Rockefeller Habits 2.0), we share a dozen key steps to prepare the team for a quarterly or annual planning session; suggested agendas; and recommended follow-through after the offsite meetings. And at the back of this chapter is a sample completed One-Page Strategic Plan.*

Preparation:

1. **Set Dates:** It's advisable to set the dates for the quarterly and annual planning retreats (some people call them "advances") well in advance. And it's best if a specific rhythm is established (i.e., the second Friday and Saturday before the end of the quarter). The annual planning session is normally two to three days and the quarterly sessions one to two days. Specific agendas are detailed below.
2. **Scan *Scaling Up*:** Have the executive team scan *Scaling Up (Rockefeller Habits 2.0)*, especially the three chapters in the Strategy section and The Priority chapter in the Execution section. The book is available on Amazon.com or you can save some money and order in bulk (box of 20 copies) at www.scalingup.com.
3. **Complete *Scaling Up* Assessment (optional):** Have the executive team take 5 to 10 minutes to complete the *Scaling Up* Assessment to see which of the Four Decisions — People, Strategy, Execution, or Cash — needs the most attention in the upcoming planning session. [Click here to start your assessment now.](#)
4. **Read Collins' Articles:** Read (and re-read) Jim Collins' Harvard Business Review article titled "Building Your Company's Vision" (download for a fee at www.hbr.com). Do this in the first few annual planning sessions until you're comfortable with your Core Values, Purpose, Profit/X, and BHAG — key elements of the first two columns of the One-Page Strategic Plan (OPSP). Also go to www.jimcollins.com where Collins has several free interactive tutorials to help discover Core Values, discern a Purpose, choose a BHAG, etc.

5. **Strategic Thinking “Council”:** Form the council as discussed in *Scaling Up* and start meeting weekly to get some critical talk time around the strategic decisions driven by the Strengths, Weaknesses, Trends (SWT) and 7 Strata worksheets. Also discuss the 4Ps of marketing: Product, Price, Place, and Promotion. In most firms, marketing strategy = strategy. Search the internet for Ogilvy’s 4Es of marketing and add those to the ongoing discussions/ debates. Even if it’s just for a few weeks prior to the planning session, these weekly discussions will get the strategy juices flowing.
6. **Employee Survey:** A few weeks prior to the planning offsite, conduct an employee survey. Employees’ insights are helpful in determining quarterly or annual priorities since they are closer to the customers and are immersed in the daily processes of the business. Many firms use an online survey tool such as SurveyMonkey to make it easier to administer. We suggest three simple questions:
 - a. What should (enter company name) **start** doing?
 - b. What should (enter company name) **stop** doing?
 - c. What should (enter company name) **keep** doing?
7. **Customer Input:** Along with employee feedback, formally gather customer input. At a minimum, ask them the same three “start, stop, and keep” questions. As discussed in The Data chapter in *Scaling Up*, it’s easier to pick up patterns and trends if there is a weekly rhythm of gathering input from customers and employees, but this simple three-question survey will get you started if you are new to the process.
8. **Top Three Issues:** Send out an email to those attending the planning session to ask them to send back the top three issues they feel **MUST** be addressed/explored/answered at the upcoming planning session for them to feel it was a success.” Compile these for review at the beginning of the planning session or just prior.
9. **(Optional) Strengths, Weaknesses, Opportunities, and Threats (SWOT):** If you want to dig deeper than what the “top three issues” question uncovers, lead a separate SWOT exercise with the broader management team prior to the planning session. Or simply send out an email to your team seeking their input on the SWOT and compile the results for the planning session.
10. **(Advanced) SWT:** As part of the activities leading up to the planning session, have the senior team complete the SWT worksheet as outlined in *Scaling Up*. Helpful resources in identifying important trends are *Frost & Sullivan’s annual trends report* and Peter Diamandis’s Abundance 360 annual event and quarterly updates. You can contact Scaling Up about participating in *Abundance 360*.
11. **(Optional) One-Page Personal Plan (OPPP):** Encourage all team members to update their OPPPs. It’s best if one’s personal and professional goals are aligned.

12. **Get Someone to Facilitate:** Find someone outside the company to facilitate your planning sessions. Ask a colleague from another firm or bring in a professional facilitator like those we have at Scaling Up. This allows everyone on the team, including the CEO, to actively participate rather than worry about facilitation. And trained facilitators will know how to discern Core Values, define a powerful Purpose, discover a key strategy, and help the team uncover the underlying constraints in establishing priorities and setting key performance indicators (KPIs).

OPSP Form Preparation:

1. **Replace Logo:** Feel free to take all references to Scaling Up off the OPSP document, except the copyright, and replace them with your own logo and company information. There are versions of all the Growth Tools without the Scaling Up logo you can download at www.scalingup.com.
2. **Replace Headings:** Call them Core Values, Core Purpose, Brand Promise, Rocks, etc. —OR NOT!!! Feel free to come up with your own unique language within the firm. HP calls its Core Values The HP Way. Some firms prefer the term principles or guidelines instead of Core Values. Similarly, some firms find the term Rocks as a label for quarterly priorities to be awkward. Again, it's up to you. The document is meant to serve as a guideline.
3. **Use Blank Documents:** There's a tendency to provide team members with completed or semicompleted one-page plans during planning sessions (i.e., with Core Values, Purpose, etc. already filled in). We highly suggest you pass out blank OPSPs at the beginning of the session and have everyone fill them in by hand. There's something about re-writing the Core Values, Purpose, BHAG, etc. each quarter that helps hardwire them into the brain and better connects each person to what is said and decided. Besides, there's not that much to write!
4. **Project up on a Screen:** To facilitate the process, project the OPSP on a large screen. Designate someone to fill it in electronically so it can be immediately emailed to all of the participants after the planning session. Doing this also helps people stay focused and makes it easier for everyone who is filling in documents by hand simultaneously.
5. **Software Offering (optional):** Manage your Scaling Up implementation in our official software, Scaling Up Scoreboard. Get flexibility, visibility, and accountability not just during your planning session, but also throughout the year. The software allows you to track progress on company and individual priorities to ensure that you are on track to hit your targets. At the end of each period, update your strategic tools to match your growth trajectory and use historical data to guide you in setting goals in your next planning session. In preparation for your planning session, set up your account — go to scalingup.com/software and request a demo to get started. Once you have your account set up, use the One Page Strategic Plan WIZARD to load your plan contents as the team makes decisions. This will give you the ability to display the OPSP on the screen during planning and make real-time adjustments as you go, with everything safely stored and accessible to the whole team. We suggest you start with your leadership team to create and track KPIs and Priorities. Then cascade priorities

down through the organization as you expand the implementation of the Rockefeller Habits. (Scaling Up Scoreboard can manage the entire process for you.) Need help? Your dedicated account manager will assist you in getting started. Email scoreboard@scalingup.com.

AGENDA (OVERVIEW):

Quarterly vs. Annual (timing and agendas): The annual planning session is typically two to three days; the quarterly (or trimester) planning sessions are one to two days. Executive Team Dinner: We recommend the senior team have dinner together and then meet afterwards for a couple hours the night before the start of the planning session. Dinner allows time for catching up, and the two-hour session following dinner gives the team a chance to focus on reviewing the SWT and share stories from the last quarter where the company “lived” its Core Values and Purpose. It’s also a good time to do some blue sky thinking about the company with questions like “If our team were to launch a new business, what would we do instead of this business?” and “How would we put our own company out of business?” It also gives the team an extra night to sleep on the conversations generated that evening.

“How would we put our own company out of business?”

The first third of each planning session (day one of the annual planning session; three hours of a quarterly session) is spent reviewing the SWOT (optional), and the first three columns of the OPSP. Also update the Functional Accountability Chart (FACe) tool and focus on the one functional position that needs support.

The next third (day two of the annual planning session; afternoon of the quarterly session) is spent on the 1 year column of the OPSP, including a review of the company’s financials and using the CASH and Power of One worksheets to focus on ways to improve cash flow.

The final third (day three of the annual session; day two of the quarterly) is focused on completing the entire right hand page of the OPSP. Review the Process Accountability Chart (PACe) tool and choose one process to design or redesign that supports achieving the Critical Number (#1 Priority). Last, review the Rockefeller Habits Checklist and choose one or two of the 10 habits to execute (or execute better) the next quarter.



WARNING: *“When I go slow, I go fast” notes the Chinese proverb.*

There is a tendency in planning sessions to rush through or ignore the Strengths, Weaknesses, and Trends along the bottom of the OPSP and the first two or three columns of the OPSP (Core Values, Purpose, BHAG, Sandbox, and Brand Promises), especially after team members feel like they’ve nailed down the decisions in previous sessions. However, spending sufficient time reviewing and updating the SWT and first three columns almost always makes the decisions in the Annual and Quarterly columns come more quickly and effortlessly. Trust us on this!

“When I go slow, I go fast”

Sample Quarterly Agenda:

Day 1:

17:30 - 18:00 — Reception/arrival

18:00 - 20:00 — Dinner (Snacks in Europe)

20:00 - 22:00 — Opening Session — Review core values and purpose stories, SWT, and host open discussion about the future (continue into the night!).

22:00 - ? — Dinner in Europe

Day 2:

8:30 - 10:00 — Opening Remarks by CEO, Good News Stories/OPPPs, and Top 3 Issues (what will make this a successful meeting for everyone)

10:30 - 12:00 — SWOT, FACe, and review first three columns of OPSP

13:30 - 15:00 — Review Annual column of OPSP

15:30 - 17:00 — CASH and Power of One

18:00 - ? — Dinner, finish up what didn't get completed earlier (further work on 7 Strata)

Day 3: (invite middle management)

8:30 - 10:00 — Review previous day, and complete Quarterly column OPSP

10:30 - Noon — PACe (review key process supporting Quarterly Critical Number),

13:30 - 15:00 — Establish column 6 Quarterly Theme (leave for middle management to design/drive) and review Rockefeller Habits Checklist. Choose one or two areas for improvement.

15:30 - 17:00 — Everyone updates their own column 7 — individual KPIs, Critical Number, and Priorities. Then go around the room and have everyone share their Critical Number (top 1 priority for the quarter).

AGENDA (DETAILS):

Opening Remarks by CEO: Reflect on the past quarter/year and then set the stage for the major conflict that will be resolved this planning session.

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

Good News Stories and OPPP: Share a round of good news stories. Sometimes this precedes the opening remarks by the CEO or occurs the night before if you host the optional evening session. It is your decision. (Optional) Go around a second time and share a couple highlights from each executive’s OPPP — a key relationship, achievement, and ritual for the coming quarter or year.

Details: Following the opening remarks, you want to set a positive tone, loosen everyone up, and help the team connect as people by taking 10 to 20 minutes to have everyone share good news personally and professionally from the previous week and a reflection on the previous quarter or year. Keeping it current helps make it relevant and fresh. The professional good news allows the team to count its blessings and the personal good news always brings a laugh or two — a powerful way to de-stress, slow the brain down to the alpha state (7 to 14 brain-wave cycles per second), and help keep even the most dreaded issues in perspective. Also use it as an early gauge if someone is particularly stressed or disturbed coming into the meeting.

(Optional) Go around a second time — and make it a separate round, not one combined with the good news round. Share a few key decisions from each executive’s OPPP for the coming quarter or year. This awareness will prove helpful in setting the company goals and strengthen bonds between the team members. Maintaining a healthy team dynamic (and handling conflict) starts with being vulnerable with each other according to Pat Lencioni’s book *Five Dysfunctions of a Team*.

New Team Members: Pat Lencioni suggests all teams complete a personality test (Myers Briggs or equivalent) and review the results. This helps them understand and appreciate each other’s differences (and generates a laugh of two). He also suggests reviewing each other’s lifeline: the five high points and five low points in their life that have shaped who they are. This is something members of Young Presidents’ Organization and Entrepreneurs’ Organization do to form a healthy forum. [*Here’s a link to learn more*](#) about drawing lifelines, a powerful exercise for bonding teams when you share your lifeline with each other.



NOTE: *When a new executive is added to the team, the lifeline exercise should be repeated. Adding someone to a team makes it a new team. It’s not the old team plus one.*

Start Filling in One-Page Tools: The rest of the planning session is using the Growth Tools to drive the right questions and discussions. Go back to *Scaling Up (Rockefeller Habits 2.0)* Strategy section for specific instructions in completing the OPSP. Be sure to also review the other onepage tools according to the suggested agenda overview above.



WARNING: *It's your call, but we would resist jumping in and reviewing the past quarter or year (columns 4 and 5 of the OPSP) in detail at the beginning of the meeting (beyond the brief opening remarks of the CEO as outlined above). Once you open that Pandora's Box, it's hard to get it shut. Teams tend to get sucked right into the minutia, getting caught up in the details and making it difficult to step back from the trees and talk more strategic about the direction of the firm (could we have incorporated more clichés in one sentence!!). We suggest you start more broadly reviewing the SWT and the first three columns of the OPSP — after all, it's a strategic planning session, not a weekly executive team meeting or monthly review session. And if those weekly and monthly meetings have been effective, the quarter has been covered and everyone should be well briefed on the current state of the company.*

Quarterly/Annual Employee (Town Hall) Meeting

Gather all the employees (or travel around to various offices) and share the results from the last quarter and the theme/priority for the next quarter. This meeting is usually 30 — 45 minutes long.

The first half of the meeting is a review/celebration of the previous quarter. The key is to get the employees talking and sharing victory stories from the previous quarter. The CEO starts this dialogue by saying something like “Welcome to the quarterly meeting. We said we were going to do X, and we achieved Y — congratulations.” Now, rather than drone on about how everyone pulled together and worked hard (as if the CEO has a clue), the CEO should ask the most powerful question you can ask anyone (team or child) after they've accomplished something — “how did you do it?”

The leader can seed the conversation by saying something like “Lisa, you were telling me how your team pulled an all-nighter to win that Acme deal. Please share that with everyone.” Obviously, choose someone who you know likes to talk/share. This will then get the conversation started. Lisa will likely say, “yes, we pulled the all-nighter, but we couldn't have done it without Sam's team...” and now Sam is invited to share. The key is for people to relive what it took to accomplish the goals.

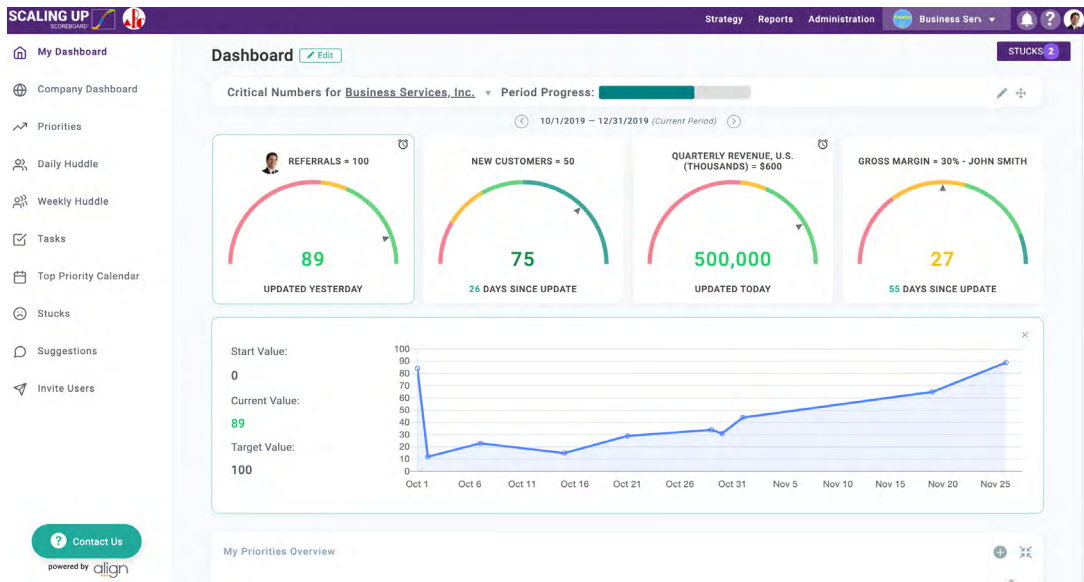
In turn, if you failed to reach the goal (discussed in *Scaling Up*) and the team's trust levels are good, it's worthwhile discussing as well.

After this past quarter review, it's time to introduce the theme for the next quarter. Turn down the lights, fire up the music, and make a grand transition. Doug Greenlaw at VTC came running in wearing a red jumpsuit to the music from the movie “6 Million Dollar Man” (add \$6 million to the sales pipeline in the next quarter). Appletree Answers typically opened with a video — this one introducing their *Idea Flash initiative* mentioned in *Scaling Up*.

Let each executive explain how their function will support the Theme/Critical Number and the “rocks” which will need to be moved to achieve the goal and quarterly outcomes (Revenues, GM, Profit, etc.). Also discuss the one process that will be designed or redesigned to support achieving the Critical Number (Appletree built an app inside Salesforce.com to support Idea Flash). Then handout a copy of the Vision Summary to all employees and give everyone a few minutes, in the meeting, to begin filling in their individual goals at the bottom of the Vision Summary. Everyone’s immediate supervisor can follow-up after the meeting with their teams to coach them if they need help determining appropriate KPIs and priorities that align with the company’s vision.

Daily/Weekly Updates:

After the quarterly meeting, put your plan in action. Use the Rockefeller Habits to create relentless repeatability and track the daily/weekly progress on Company Priorities and Critical Numbers. Many CEOs, like Larry Page of Google’s parent company Alphabet, keep employees updated weekly on progress either through email or an all-employee meeting. Page calls them TGIF meetings (used to be on Fridays, now on Thursdays). Our Scaling Up Scoreboard software takes that one step further. Using the software makes it easy for everyone to track progress on all devices, desktop, mobile, or large flat screens scattered throughout the office. No need to email; instead, everyone spends a couple of minutes a day updating progress and their huddles, and you stay on track all year. Here’s a critical number and a priority tracking screenshot from Scaling Up Scoreboard:



Manage Priorities

[Add Priority](#)
[Update KPI Priorities](#)
[Filter Priorities](#)
[Expand All](#)
[Copy Previous Priorities](#)

[Previous Period](#)
 10/1/2019 – 12/31/2019
 [Next Period](#)

Priority ID	Description	Type	KPI	Progress	Completion %	Actions	
4	Association Priority 1: Increase eNPS by 10 (From 75 to 85)	COMPANY PRIORITY	KPI	75 - 87 - 85	<div style="width: 120%;"></div>	120%	...
13	1.0 #1 Thing: Create \$1,200,000 in Revenue from New Sales	COMPANY PRIORITY	KPI	0 - 900,000 - 1,200,000	<div style="width: 75%;"></div>	75%	... ADD CHILD PRIORITY EDIT SEE TASKS DELETE
5	Generate 520 Leads from New Website	COMPANY PRIORITY	KPI	0 - 400 - 520	<div style="width: 80%;"></div>	80%	...
6	Get 90% Customer Satisfaction on all New Accounts		KPI	75 - 87 - 90	<div style="width: 80%;"></div>	80%	...
1	Rollout New Employee Handbook & Training Program	TASK	TASK	7 / 11 Tasks	<div style="width: 63%;"></div>	63%	...
3	Optimize 3 Primary Accounting Processes	ROLLUP	ROLLUP		<div style="width: 85%;"></div>	85%	...
2	Maintain Daily Manufacturing Quota of 640 Units	Secure Priority	KPI	0 - 28,000 - 57,600	<div style="width: 48%;"></div>	48%	...
	Bring on 17 New Attorney by Dec 31		KPI	0 - 7 - 17	<div style="width: 41%;"></div>	41%	...

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We hope you find this helpful. If we can be of assistance or you would like someone to facilitate these meetings, email coaching@scalingup.com.

Sample One-Page Strategic Plan

On the next two pages is a sample One-Page Strategic Plan for a fictitious company called TestCo (we know you're not exactly like them!). BEST OF LUCK with your strategic planning process.

People (Reputation Drivers)

Employees

1. Appreciation every 7 days KPI = 100% a+
2. Employee Net Promoter Score KPI = 60+
3. Voluntary A-Player Retention - KPI = 95%+

Customers

1. Delivery - KPI = Daily report 10 minutes
2. Client 'contact'- KPI = 3 Contacts per Client
3. NPS - KPI = Net Promoter Score at 8.5

Shareholders

1. Cash increase daily - KPI = % of increase
2. Revenue Increase - KPI = 20%
3. Gross Margin - KPI = 55%

COREVALUES/BELIEFS (Should/Shouldn't)	PURPOSE (Why)	TARGETS (3-5 YRS.) (Where)	GOALS (1 YR.) (What)																													
We live to hear the word "speed" We never say no! We always give options We cultivate trust with clients	EASY! - We make using data easy so that it helps rather than hurts people!	<table border="1"> <tr> <td>Future Date</td> <td>31 Dec 2023</td> </tr> <tr> <td>Revenues</td> <td>\$14,250,000</td> </tr> <tr> <td>Profit</td> <td>\$2,850,000</td> </tr> <tr> <td>Mkt Cap/Cash</td> <td>\$1,425,000</td> </tr> </table>	Future Date	31 Dec 2023	Revenues	\$14,250,000	Profit	\$2,850,000	Mkt Cap/Cash	\$1,425,000	<table border="1"> <tr> <td>YR Ending</td> <td>31 Dec 2020</td> </tr> <tr> <td>Revenues</td> <td>\$6,875,000</td> </tr> <tr> <td>Profit</td> <td>\$1,375,000</td> </tr> <tr> <td>MKT Cap</td> <td></td> </tr> <tr> <td>Gross Margin</td> <td>\$3,781,250</td> </tr> <tr> <td>Cash</td> <td>\$687,500</td> </tr> <tr> <td>A/R Days</td> <td>32</td> </tr> <tr> <td>Inv. Days</td> <td>15</td> </tr> <tr> <td>Rev./Emp.</td> <td>\$225,000</td> </tr> </table>	YR Ending	31 Dec 2020	Revenues	\$6,875,000	Profit	\$1,375,000	MKT Cap		Gross Margin	\$3,781,250	Cash	\$687,500	A/R Days	32	Inv. Days	15	Rev./Emp.	\$225,000			
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<p align="center">Profit per X</p> Profit Per Installation 2014- \$125,000 2015- \$155,000 2016 - \$200,000	<p align="center">Brand Promise KPI's</p> 10 days or less - installation NPS scoring 60+ 7 business days to measurable results	<p align="center">Critical #: People or B/S</p> <ul style="list-style-type: none"> ■ 6 PhD Hires ■ 5 PhD Hires ■ <i>Between green & red</i> ■ 3 PhD Hires 																														
<p align="center">BHAG®</p> 'GLOBAL #1' ~ The #1 Global Data Analytics Solution. 1,000 installations within the Fortune 2,500 - globally!	<p align="center">Brand Promises</p> Speed of installation Easy to do business with Results in a week	<p align="center">Critical #: Process or P/L</p> <ul style="list-style-type: none"> ■ 60% Gross Margin ■ 55% Gross Margin ■ <i>Between green & red</i> ■ 50% Gross Margin 																														

Strengths/Core Competencies

1. Deep analytic capabilities
2. Culture inductive to PhDs
3. Live for Speed

Weaknesses:

1. Arrogance -- we're good and we know it
2. Sales Capabilities -- lacking, so better be the best
- 3.

BHAG is a Registered Trademark of Jim Collins and Jerry Porras.

Process (Productivity Drivers)

Make/Buy

1. Pipeline Full - KPI = 60 qualified leads
2. Active Proposals - KPI = 14 active
3. Close Ratio - KPI = 75%+

Sell

1. Time on Project - KPI = 90% of Budget **+**
2. Help Tickets - KPI = 95% SLA's met
3. Utilization Rate - KPI = 85%

Recordkeeping

1. Invoice within 24 hours
2. Cash Conversion Cycle minus 18 days
3. Timely reports -- daily, weekly

ACTIONS (QTR) (How)		THEME (QTR/ANNUAL)	YOUR ACCOUNTABILITY (Who/When)																																	
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<p>Critical #: People or B/S</p> <ul style="list-style-type: none"> 22 Service Contracts 20 Service Contracts Between green & red 18 Service Contracts 	<p>Celebration</p> <p>A BIG dinner where we will bring our families - loved ones - together to celebrate the accomplishment</p>	<p>Critical #: People or B/S</p> <ul style="list-style-type: none"> 1500 Client Meetings 1200 Client Meetings Between green & red 900 Client Meetings
<p>Critical #: Process or P/L</p> <ul style="list-style-type: none"> 89% Utilization Rate 85% Utilization Rate Between green & red 75% Utilization Rate 	<p>Reward</p> <p>\$12,000 donated to the groups top 12 favorite charities - \$1,000 per charity! \$10 for every contact made!</p>	<p>Critical #: Process or P/L</p> <ul style="list-style-type: none"> 150 Referrals 100 Referrals Between green & red 75 Referrals

Trends

1. Artificial intelligence and how it will evolve
2. The speed at which technology is evolving
3. Generational views on the use of our solutions
4. Communication mediums shifting -- social
5. Information flows (speed and type) changes
6. The value being placed of data as a tool

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