

Planning for the Recovery

By: James T. Stodd, SPHR

I don't know about the rest of you, but I'm ready for a little more economic sunshine! During this last year I've seen numerous friends (and their businesses) suffer tremendously at the hands of this "recession." I know a good number of folks who have seen their business shrink to "life threatening" levels, a number of others who have lost their jobs, and many of the Human Resource Managers I've meet or are friends have found themselves wrapped up heavily with coordinating downsizings, layoffs or other significant cost-cutting measures.

However, among all this "bleak" economists are finally beginning to see some light. Wall Street seems to have taken somewhat of an uptick, although the direction has not been consistently steady day-in and day-out. The Southern California housing market also seems to be improving with housing prices having increased two months in a row. And, the most recent version of the Kiplinger Letter¹ provides some cautious optimism in stating **"Yes, the economy is improving...but don't get carried away just yet. The gains are small, and the recession will linger at least through midyear"**. Others are joining in cautiously suggesting that we have reached the low point and a turn around, albeit slow and perhaps rocky, is about to occur. So, my question is "are you ready to prepare your organization for the *recovery*?"

Moving Forward

Needless to say much has changed within the business landscape over the last year or so. But it's not just the "biggies" who make headline news being affected; I'm sure each and every business, including those that managed to stay level or even thrive during this recession, have seen a significant change in their economic environment, target markets, customers and customer's needs, suppliers, business partners and even competitors. Many have even made significant changes in their product or service offerings as an adjustment to the new market conditions created by the recession. But the recovery will bring further changes, and hopefully most of those will be positive for you and your business.

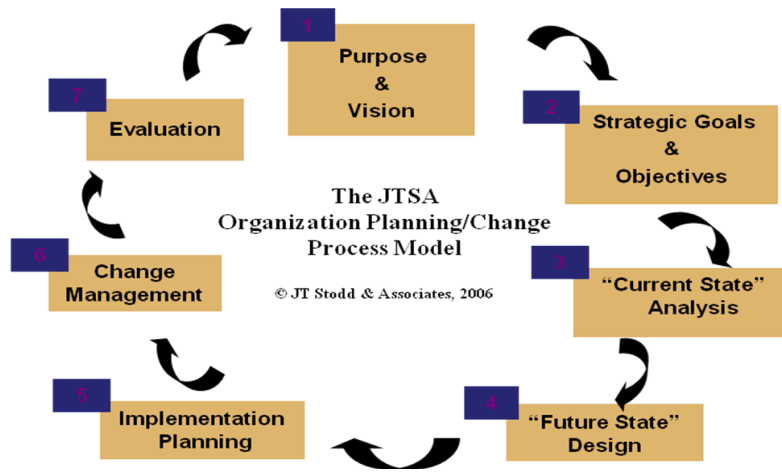
With these changes on the horizon, we believe it is time for prudent business leaders to begin re-examining their organization plan and strategy to ensure they will be properly situated, aligned and directed to respond to those changes. This article will be the first in a brief series of articles devoted to the basics of the "organization planning" process with suggestions about what you can do in each step to ensure your organization is both prepared and properly aligned to capitalize (or at least keep up with) the changes we can expect.

The Organization Planning Process

JT Stodd & Associates recommends that clients embrace and master a seven step process for strategic organizational planning. Those of you who have worked with us know this model. However, for those who have not worked with us, let me provide a brief introduction.

The *JTSA Organization Planning/Change Process Model* consists of seven basic but critical steps in planning for the enterprise. These steps are not "rocket science" nor are the various steps necessarily unique to this model. Rather, they are steps that have been supported consistently in the published planning and change management literature and have proven effective in helping us help our clients. We also recommend that organizations never by-pass or try to jump ahead of any of these steps! To do so almost always compromises the quality of the work and the outcome. The seven critical steps include the following:

¹ The Kiplinger Letter, Special Issue; April, 2009



This article reviews the basics of Steps 1 and 2 of the above model. Future versions of this newsletter will offer a series of articles summarizing the remaining five steps.

Now I need to warn you in advance - some senior executives don't like investing much time contemplating and discussing such "high-level" issues as business purpose, mission, vision, values, etc.; rather they seek to press forward with the "action" steps. I believe that jumping ahead to "action steps" is almost always a mistake! Why?

First, it does not really take a lot of executive effort or time to address these issues and to do so effectively. Efforts to establish (or re-establish) purpose/mission, vision, and strategic goals need not be a long and laborious task - in fact we suggest just the opposite! We are not big believers in the "week-long offsite" and/or the "5" three-ring binder" approach that many have taken in the past. If that's what your organization needs to do – that's okay, but we think all the important issues can be addressed in a few well constructed meetings with key players. In addition, each of these key statements can be effectively drafted on just a couple pieces of paper, and shorter statements are generally more easily communicated, understood and embraced. So, simplicity is encouraged!

Second, in virtually every organization planning project I have worked on in recent years, one of the chief concerns of each CEO has been what they perceive as a lack of "accountability" throughout the organization. In my experience, however, accountability starts with everyone in the organization clearly understanding both the business model and the critical outcomes to be attained! So purpose/mission, vision, values translated into measurable strategic goals and objectives are always critical to the formation of "accountability" as well as driving performance throughout the organization.

Step 1: Purpose and Vision

The hallmark of good leadership in any circumstance, including planning for the recovery, is to **establish, communicate** and **infuse** an overall sense of **Purpose & Vision** throughout the organization. A simple but effective **Business Purpose** (aka "mission") statement will address the following questions:

- ❖ **Who Are We?** (Values, Culture, Norms & Expectations)
- ❖ **WHAT** is it that we do? (Products and/or Services)
- ❖ **FOR WHOM** do we do it? (Market Space)
- ❖ **WHY** should they choose us? (Value Proposition)

Note; these questions require us to look both "inward" and "outward" in establishing our organizational and business identity. They challenge us to think critically about the guiding principles of culture and conduct that serve as the fabric of our organization, as well as those

guiding principles that will serve as the core of our brand identity in the eyes of the marketplace and our customers.

In contrast to the “business purpose”, a good **Vision** statement moves us from the present tense to the future tense. It is generally a statement that, like an architectural rendition, paints a picture of what we hope the organization/business to be within an identifiable period of time (aka, “planning horizon”). That period of time may be a year, three years, five years or some other period of time that is most appropriate for the situation. But in all cases, we recommend that the “planning horizon” selected for the vision statement be the same length of time selected for the establishment of strategic goals and objectives.

Questions pertinent to establishing a **Vision** statement for the enterprise include the following:

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| ❖ WHO/WHAT do we want to be? | } | <i>Descriptors</i> |
| ❖ WHERE are we going? | | |
| ❖ WHAT do we want to achieve? | | <i>Measures & Metrics</i> |

The answers to these questions need to be descriptive at least at a high level, and should include sufficient measures and metrics to effectively paint the picture. *For example: a \$40M California business may establish a vision statement extending over a five- year period that describes a business two to three times its current size(measured in revenues) with market presence and operating units in two additional states.*

Step 2: Strategic Goals & Objectives

Good **Strategic Goals and Objectives** should be an extension of your vision statement and provide more detail concerning the incremental steps (generally stated in the form of annual goals), path and approach for attaining that vision! As such, the most useful goals and objectives will:

- Cover most, if not all, of the period of time accounted for in your vision statement (aka the “planning horizon”).
- Divide your planning horizon into more manageable increments. Generally speaking, most organizations choose to state strategic goals and objectives in annual increments, but in some cases shorter periods of time (including “quarters”) may be more appropriate to managing what you would like to accomplish.
- Identify required achievements with respect to revenues, profitability, markets, customers, product mix, and/or factors that serve as sound “stepping stones” toward achieving the established **Purpose and Vision**.
- Reference and be aligned with those measures and metrics used in describing your **Purpose and Vision**. In short, your strategic goals and objectives should be based upon measures and metrics similar to those utilized in your vision statement, although expressed over shorter and more manageable periods of time. Additional measures and metrics may also be appropriate within goal and objective statements if these also serve to clarify the path for attaining the **Vision**.
- Establish strategic priorities and the best ways to achieve those priorities.
- Facilitate shared understanding and commitment to the future vision and the path to get there.
- Provide a basis for measuring and rewarding desired progress.

As with the exercises of establishing a shared purpose and vision for the organization, neither the strategic planning process nor resulting strategic goals and objectives need be lengthy or complicated. In fact, it is recommended that the simpler, the better, as long as the outcomes establish a clear pathway for attaining the **Purpose and Vision**.