Strategic Planning

Communicating goals and objectives drives successful organizations

BY DOUG CATER

Does your company have a mission statement (Why are we in business?) and vision statement (What will we look like five years from now?)? Are they current? Have you communicated them to all employees? Do you have a set of values to which your company and your employees aspire? Do you have goals and objectives that are Specific, Meaningful, Achievable, Realistic and Time-based? Have your people developed and submitted specific, detailed action plans that will guide them toward their goals and objectives? Do you have metrics that support achieving these goals?

If you can't answer yes to all of these questions, your organization is at risk of not meeting its goals and objectives, or, worse yet, it is likely to be operating in a fire-fighting mode. We cannot make every decision for our employees, so how do we ensure they make the right decisions in a certain set of circumstances?

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Strategic planning, in a textbook sense, usually involves senior management assessing the internal and external environments through a SWOT analysis, in the context of the current political, economical, social and technological conditions. Strategic planning also involves an exercise where senior management establishes goals and objectives for the organization for the next one to five years. Those goals and objectives may be profit motivated or growth motivated but regardless, they will require the organization and its people to do certain things in certain circumstances.

If, when you think of strategic planning, you think of a group of executives at an extravagant, three-day offsite with an expensive consultant, you have only part of the picture. And this part has little immediate impact on the business unless properly communicated when the team returns to the office. Communicating goals and objectives that come out of these sessions is the key, and it is difficult. The ideas were conceived in a "synthetic" environment, far away from the pressures and the chaos associated with the day-to-day operating of the business. Also, back at the plant, there is skepticism, disbelief, and almost always the question: "How do you intend to do that?"

Organizations put too much emphasis on the "strategic" and too little on the "planning." Converting those lofty goals into reality is much more difficult than simply dreaming them up, particularly when we consider the day-to-day challenges of running the business, complete with all the fire-fighting that goes along with it. That's what we are interested in discussing here — the operational side of strategic planning — the "How do we get there?" The cascading of ideas, goals and objectives down into the business to ensure every level in the organization understands how they contribute to meeting the business goals, and how each division, department and individual is aligned with the overall goals and objectives.

There are countless processes, developed by professors and consultants alike, that can be used to cascade goals and objectives through the levels in a business. They all typically have the same objective, however: a set of planned activities, whose results can be measured against one or more defined objective that supports a specific business goal or result. At an organizational level, most companies are most effective with no more than five specific goals.

In previous columns I've talked about visual performance measures and display boards for tracking performance on an hour-by-hour basis. These are the same measures that should be supporting business objectives. For example, in a stamping company, a company-wide objective may be to improve productivity by 10%. At an operational level, this may mean a target number of employees and a specific throughput in dollars. At the shop floor level, there should be very specific measures on each press line, such as hits or pieces per hour, changeover time or downtime.

What is often more difficult is developing action plans and measures for some of the support departments like human resources, engineering and maintenance. And, while these are more difficult to define than production measures, the individuals in these

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groups are often more highly skilled and more apt to have their own ideas of what is important. These groups often need to be reminded that in most cases their customer is the production group, and they should be measured by their effectiveness in supporting production to meet their objectives.

Strategy is the set of plans that operationalize the mission and vision. These plans must have sufficient detail to ensure that individuals know how they contribute, who their customer is, and how their performance will be measured. Strategy provides the information and guidance that a maintenance mechanic uses to decide whether to repair a valve on the press, or replace it. An engineer knows whether to spend his time designing an experiment to improve the efficiency of the sealer, or redesigning the part to eliminate the need for the seal. And a tooling manager knows whether to provide a short term fix, good for 500 hits of the die, or to rebuild the die so that it will last for 5,000 hits between maintenance activities.

Failure by management to help the organization internalize the mission and vision will undoubtedly result in continued fire-fighting and decisions that are inconsistent with the company's goals and objectives. And, the larger an organization becomes, the more important this exercise gets. It becomes more important because the demand for resources and capital is much greater, and unless the company remains focused, large amounts of cash can be consumed in activities that do not move the organization any closer to its goals.

In addition to setting direction for the company, other reasons for strategic planning include looking at the capabilities and resources necessary to meet longer term business objectives. Do we have the necessary skill sets in our human resources, and do we have the necessary capital equipment and financial resources to meet our objectives? Poor planning and setting goals and objectives that are not consistent with the availability of resources is guaranteed to create chaos, but doing an excellent job in strategic planning, and communicating it with the organization, is what drives successful organizations. E

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