Title:
New Year's Planning - Critical Success Factors

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Summary:
Whatever time of the year it is, you have probably set a working direction for the rest of the year, including clear-cut objectives. Your first-iteration plan to reach them should be in place. This now (whatever time it is - if you are thinking about it) seems like an ideal time to rethink the whole thing, doesn't it? In our sped-up 21st century world, plans are subject to change just as soon as - or perhaps even before - they are written.

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Article Body:
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If you haven't already done so, now is an excellent time to review your company's year-end results and plan for the coming year. If you've already created your annual plan, you may want to look at it in a new light.

A typical approach to planning suggests multiplying last year's quantitative results by an acceptable growth factor. Industry standards vary, often from 5% to 25%. Add to that number scheduled enhancements to your product line plus solutions to key problems you've been meaning to address, and that's your plan.

Those of you who've been following my articles know that I advocate a different approach to this process: Step 1) Learn whatever you can from last year's results - something many of us forget to do. For example, make 1998 the year you act on the knowledge that it takes six months to train your field reps, not the six weeks you used to allocate. Step 2) Set targets which will excite you and your team and get you out of bed every morning; Step 3) Figure out how to reach the targets in Step 2.

A well rounded strategy which will provide a platform for continuous growth should impact these critical factors:

* revenue and profit
* product development
* customer satisfaction
* quality
* intellectual capital
* productivity
* strategic relationships
* new customer growth
* employee retention.

For each factor follow the three step analysis. Step 1. What can you learn from last year's experience in each area?

What did you do right - what worked - what should you do more of? What did you do wrong - what didn't work - what should be stopped immediately?

Also, ask what is missing from this area. In other words, what could you add - or eliminate - which will make a big difference in your organization's effectiveness. Random examples of what might be missing: an organizational knowledge manager, periodic competitive analysis, a report of market share, an employee training plan.

Step 2. What results are you committed to produce in each area?

Remember, these results should be bold and dynamic. They should inspire everyone responsible for making them happen to do whatever it takes to get the job done. These targets or measures work best when they are objective and quantifiable. They must be achievable, however difficult that might be. Some examples of bold results: a 50 percent increase in sales; top of the list in prospect mind-share; 100 percent customer repurchases; three new products shipped by June; customer problems resolved in half the current time, a career path in place for each employee, zero turnover.

Step 3. How are you going to achieve these goals?

Your implementation plan has a number of components:

Who is accountable for each factor? Which executive? Which managers? What department? Some factors map directly onto a functional department, like revenue to marketing/sales. Those are the easy ones. Less obvious are factors like intellectual capital or customer satisfaction - they don't fall under one clear domain. Nevertheless, one person has to pick up the ball. Along with their teams, whoever accepts accountability for specific the targets and goals will answer the remaining questions.

What strategies and tactics have a good chance to produce the results? Remember, if you've set bold objectives, you probably do not yet know how to reach them. That's what makes them bold in the first place. You are inventing the answers, making them up.

The approach to some targets will be simple, others more complex. While there are no guarantees of success, each target should have an identifiable path with a good probability of getting your company to where you want it to be. That path will define one or more initiatives to be put on a timeline. The path will also include milestones - checkpoints to measure the ongoing success of the initiative.

What structural and procedural changes will you make relative to this factor? Some examples are adding two salespeople, creating a quality czar, establishing new reporting lines, eliminating paper memos, making a large capital investment, acquiring a component vendor, or having a monthly new business quota. Each structural and procedural change will give birth to its own initiatives, which also need to be time-lined.

Does this initiative have any staffing implications? Do you need to increase headcount, create new job descriptions or add specific managers? Where a factor maps directly onto a department - such as revenue or customer service - what is the annual staffing plan? If there is a staffing increase, make sure the financial considerations are fed back into the budget.

Taken together, all the factors, targets, accountable parties, initiatives, structural changes, timelines, measures and milestones add up to a strategic plan for the year.

Can you live without addressing all of these factors?

Of course you can - but will you prosper, and for how long? Increase sales, but neglect quality - what will happen to customer satisfaction? Improve product quality but neglect employee retention? What will happen to quality next year?

And then what will happen to sales? Focus on profits but not new customers or strategic relationships - next year's sales (and profits) decline, and so on. Each factor's improvement synergistically contributes to your company's survivability and prosperity.

Last issue: Can you do everything at once?

You probably don't have the resources for that. But the solution can not neglect any of your critical factors - we've just looked at the outcome of that approach. Instead, create another breakthrough. Create a breakthrough in planning which commits your company to some level of advancement for each of the factors. One that ensures they all receive some level of attention so that each is moving forward, although maybe not all to the same degree. To reuse a well-worn phrase, if you are not making progress in each area, you are loosing ground. ground.