



6 Steps to Create a Winning Annual Plan for 2021-2022

– Best Practices from working with top CEOs



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Before the Session: Appoint a Skilled Annual Planning Facilitator

If you are the CEO, it is almost impossible to participate and facilitate your own planning session at the same time. Your team is already used to deferring to your opinions. Couple the power of being the CEO with the power of being the facilitator, and your opportunity to listen, learn and get the best ideas from your team falls dramatically. Instead, pass the annual planning facilitation duties to someone else and immerse yourself in the meeting. Your ideas and contribution to the discussions will provide a much greater return compared to your facilitating the meeting.

When designating an annual planning facilitator, consider this: when executive team members facilitate your strategic annual planning meetings, it can cause participants to withhold agendas or thoughts, to resist challenging others, to not be challenged in their thinking, and to not be fully engaged. Using an outside facilitator allows all of the best ideas to be heard and allows executive team members, especially the CEO, to fully participate in designing the best plan.

This article that outlines the difficult and complicated annual planning process, don't worry though we are here to help if you need it.



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Before the Session: Annual Planning Prep Work:

Getting Ready for Your Annual Strategic Planning Session

Here's what the CEO should do to prepare well for the Annual Strategic Planning session:

- This sounds elementary, but one of the main mistakes CEOs make is that they do not schedule annual planning dates with the team and communicate its importance. As a CEO, you must own this so others see how critical their full participation is to the company's success.
- Appoint a skilled facilitator. Great facilitators have critical skills to help set the agenda, manage difficult discussions and drive the team to make decisions that result in a clear plan everyone is behind. Their expertise comes from practice leading dozens of sessions. You may have someone on your team that has these skills and experience, or you may decide to hire an outside facilitator.
- Be prepared to discuss the high-level strategy and specific goals that you want the company to accomplish to help set the tone for the meeting.
- Make sure that you have all of the right members of your leadership team in the room with you to get a complete view of the departments in your organisation. Be careful to keep the number of people in the room to about 12, depending on the size of the organisation.

Here's what the effective Annual Planning Facilitator should do to prepare for the planning session:

- Set up a meeting with the CEO to determine a strategy session meeting agenda.
- Manage the logistics for the session – when, where, materials needed, food for lunch and dinner plans, etc.
- Create, distribute, collect and analyze the right prep work.
- Modify the agenda based on prep work feedback. Confirm timing for all discussions.
- Develop the PowerPoint slide deck for the session and any other tools or handouts needed.
- Communicate key questions that need to be discussed or decided upon to all participants to they have time to think about it before the meeting.

Here's what each participant should do to prepare for the strategy review:

- Share the agenda with each person on the executive team and ask them to read it and provide feedback on any other important discussions that need to take place.
- Ask departmental/other leaders to come prepared with relevant information to help the team make informed decisions.
- Complete prep work sent out by the facilitator, such as a **Start, Stop, Keep** exercise before the session.
- Come to the strategic planning session with all of the data that is required to support strategic annual planning discussions.
- Are there any course corrections that are needed to get us back on track for our **3-5 year strategic plan?**



Annual Planning Step 1: Review Prep Work and Learnings from the Year

Before you can really start planning for the future, you need to have a good understanding of where you currently are. It is an integral step in the annual business planning process as you need a clear understanding of where you are currently and where you want to be at the end of annual plan. Everyone on the team will come into the planning session with their unique perception of how things are going and some ideas for improving and growing the business. It's great to start the meeting by getting everyone talking and sharing the thoughts that are already top of mind. Allowing time for a little introspection at the beginning of the planning session will immediately engage everyone on the team and will establish some context for the strategic and future-directed conversations you will soon be having. Here are a few ideas to get you started.

- **Learning from the previous year** – Start the session by revisiting the plan you established for the year that is about to end (Targets, Theme, Key Initiatives), and then discuss the actual results. Ask the team: What did we accomplish this year? What improvements to the business did we make? What were our victories and bright spots? What did not go as planned? and most importantly, What lessons did we learn this year? The goal of this exercise is to reflect over the past year, gather insight into what worked well and what didn't, what you learned during the year, and what is different today than it was a year ago. A lot of work has been done over the past year, and it's important to celebrate the progress you have made. All that you have accomplished and improved this year creates a foundation for planning that is stronger, smarter, and steps ahead of the foundation you were planning from last year.
- **Start, Stop, Keep Exercise** – The Start, Stop, Keep exercise is great to send out ahead of time as homework for the team. This gets everyone thinking about the future of the business before they come into the planning session. It's a great way to bridge the gap and ease people out of their day to day focus and into a planning mindset. In this exercise, participants are asked to share their top three answers in the following areas:
 - **Start:** New things to consider doing. What you think you or your group should start doing that is not being done today? What things can we do to increase our growth rate?
 - **Stop:** What is ineffective that we need to stop doing and save our energy for other opportunities? These are items that can help us “dehassle” the business.
 - **Keep:** What is working well that we should continue? Look for bright spots – items that are working very well, that we might want to replicate across the company.
- **Opportunities, Threats & Trends** – Different from Strengths and Weaknesses part of the typical SWOT analysis, which are internal, Opportunities, Threats & Trends should be external conditions, forces or trends that could impact your business. When considering Opportunities and Threats during Annual Planning, it is good to ask the team to think in terms of impact on your 3-5 Year Plan. What Opportunities are you aware of that could help you achieve your 3-5 year goals? What Threats are you aware of that could prevent you from achieving your 3-5 year goals? It is good to have the team brainstorm a good list of potential Opportunities and Threats, then have the team discuss, debate and agree on the top 3 Opportunities and the top 3 Threats.



Annual Planning Step 2: Work on Long Term Strategy and 3-5 Year Strategic Plan

Annual Planning should include a good balance of strategic thinking and execution planning. This is your opportunity to prepare your team for a successful year and connect strategy to execution with your strategic initiatives. In order to plan for a successful year, you must have a good idea of the strategic direction you are moving in. Where do you want to be in the next 3-5 years and beyond? What are your strategic goals? What are the strategic priorities to help you achieve them? Because strategic thinking is a process, not an event, you will need to think ahead about how to use this time most effectively. If you have a fully developed long-term strategy, you could use this time to review your strategy with the team. If you have some pieces developed and some that need more work, you could spend this time focusing on just one strategic topic. Here are a few strategic decisions you should be working on. Consider where you are with each of these and customise this portion of the annual planning agenda to work on the areas most important to you at this time.

Core Values

These are the handful of rules that will remain constant over time that you believe are key to the long-term success of your business. They already exist and are evident in the behaviour of individuals that represent the very heart of the organisation. Discovering, understanding and encouraging these core values will strengthen your company's culture and will provide a good foundation for every individual in the company to make decisions on a daily basis.

Core Purpose

Understanding and reinforcing your Core Purpose will provide inspiration for people on a daily basis. People need to be inspired. They need to understand how their daily work connects to a greater good that is being served through the success of the company. Your Core Purpose will answer the question "why?"

BHAG

Your Big Hairy Audacious Goal (BHAG) creates a vision of future success for your company. It should paint a picture of what things might look like 10-20 years in the future when you have achieved this wildly ambitious, measurable goal. Your BHAG will also provide inspiration for your people and will create a framework for strategic decision-making.

Brand Promise

Working on your Brand Promise will require you to identify and understand your core customer, your company's core capabilities, and your unique position in the market. Having clarity around what is meaningful to your customers and what you will promise to deliver will provide direction on internal improvement initiatives, marketing messages and sales and delivery processes.

3-5 Year Strategic Plan

These are specific, revenue-generating growth strategies you will execute over the next 3-5 years that have the potential to 2X your business. You could use this time in your Annual Planning session to brainstorm and select new Winning Moves or evaluate progress and next steps on existing Winning Moves.



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Annual Planning Step 3: Determine Common Vision of What a Great Year Looks Like with our Destination Postcard Exercise

Before you can start working on the specific details of your Annual Plan, you need to get the team aligned around a common vision of what a great year looks like. To do this, we recommend a team exercise called the Destination Postcard – developed by our partner Rhythm Systems. This idea comes from Chip Heath and Dan Heath’s book: *Switch* (ch. 4, Point to the Destination). A Destination Postcard is a vivid picture of the near-term future that shows what could be possible. It asks the team to consider how the company will be different a year from now, how life at work may change, and how you will celebrate your success.

Don’t let your annual plan fail, this will help you create your 4 quarter flyover so you can envision your path to success.

DESTINATION POSTCARD EXERCISE –

1. Ask each person to take a few minutes to quietly think about and write a descriptive narrative of what a successful year looks like to them. They can write a paragraph or use bullet points; whatever is most comfortable for them. It should not just be a list of KPIs or financial targets. Those may be included, but what you’re looking for should be more descriptive than that. Ask them to consider how the company will be different a year from now, how life at work may change, and how you will celebrate your success.
2. Ask each person to consider what three things must have happened during the year that made it possible to achieve this vision. They should write down the three specific objectives that were accomplished.
3. Once everyone is finished writing, go around the room and ask each person to share their description of a great year and the Top 3 things the company accomplished. Capture the Top 3 things each person mentions on a flip chart. You can use checkmarks if more than one person mentions the same thing.
4. Leave the flip chart notes on the wall and refer back to them as you work to develop the details of your Annual Plan.

Annual Strategic Planning Step 4: Create Annual and 90 Day Quarterly Action Plans

Now that you have created the proper context, confirmed your strategy and envisioned a successful year together, you are ready to discuss the details of your execution plan for the next twelve months. There are four components to the Annual Plan that you will need to consider and agree upon.

1. **Targets** – Start by setting the measurable results you want to achieve this year. This should include Revenue and Profit targets and could also include other targets like Market Cap., Number of Employees, Number of Customers or Number of Locations. Choose a handful of targets that are strategic and meaningful to your company.
2. **Theme/Main Focus** – Next agree on the number one main thing the company must focus on this year. What barrier do you need to break? What Winning Move must pay off this year? Maybe this is the year to really focus on your company’s culture. It could be anything. The idea is to identify one overarching theme for the year that you are confident will drive your business forward. Creating this kind of a “rally cry” will help people remember throughout the year those things that you know are most important.



3. **3-5 Annual Initiatives** – Now comes the hard work of prioritising and choosing 3-5 specific Key Initiatives you will commit to completing this year. The right Key Initiatives will support your ability to achieve the Main Focus, hit your Targets, move forward on your Winning Moves, and execute your core business with excellence. To identify your Key Initiatives, refer back to the work you did in the first three steps: Lessons from the Prior Year, Start, Stop, Keep ideas, Opportunities and Threats, Strategic Decisions, Winning Moves and the Destination Postcard. Based on all of this, what are your Top 3-5 Key Initiatives for the company this year? In addition to identifying these Key Initiatives, you also need to assign an owner for each, determine the Red-Yellow-Green success criteria, and map out the sequence and timing of major milestones for each initiative.
4. **Q1 90 day action plan** – Now you are ready to get to work. Either as the last section of your Annual Planning Session or in a separate meeting, take the next step in your Plan Rhythm and create the execution plan for the first quarter. Just like the Annual Plan, the Quarterly Plan should include a Main Thing, 3-5 Top Priorities that can be achieved in a 90-day period, owners and Red-Yellow-Green success criteria for each Priority.

Annual Strategic Planning Process Step 5: Do Departmental Planning; Then Communicate to Entire Firm

Having a great Annual Plan created by the executive team at the company level is important, but the truth is that most of the actual work will not be done at the executive level. Most of the work will be done at the departmental level, and even then, only when it's broken down into bite-size quarterly pieces for your cross-functional teams to execute. Once the company plan is finished, each department leader should meet with their team to share the vision for the year, explain how the plan supports the long-term strategy, and discuss the department's role in supporting it.

The leader should also share the 3-5 Priorities the executive team has identified for the first quarter of the new year. Based on that, the department should consider what their year should look like and determine the 3-5 Priorities they will pursue in the first 90 days. Each of the department's Quarterly Priorities will also need an owner and Red-Yellow-Green success criteria. And taking it one step further, each member of the team should also identify the 3-5 Individual Priorities they are personally committing to that will support the business unit's plan.

Once the departmental plans are finished, many companies will schedule a kick-off meeting (or series of meetings) for the whole company. This is a great way to bring people together, create positive energy and make sure the company plan has been communicated in an inspiring way to everyone. Remember, your plan is only as good as your ability to effectively communicate it to the people who will carry it out. The best time to break down departmental silos is in the planning process, have your discussions surrounding shared resources in the planning stages.

Need Assistance with Annual Planning Facilitation?

Our expert planning facilitators allow the CEO to be an active participant so you can focus on making the best decisions and not running the meeting at the same time.

Need help building a solid go-forward plan?

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