

ROBERT H. LEE
GRADUATE SCHOOL

Strategy Workshop Presbytery of Westminster

Perry Atwal
October 9th, 2021

Agenda

1. Strategic Planning

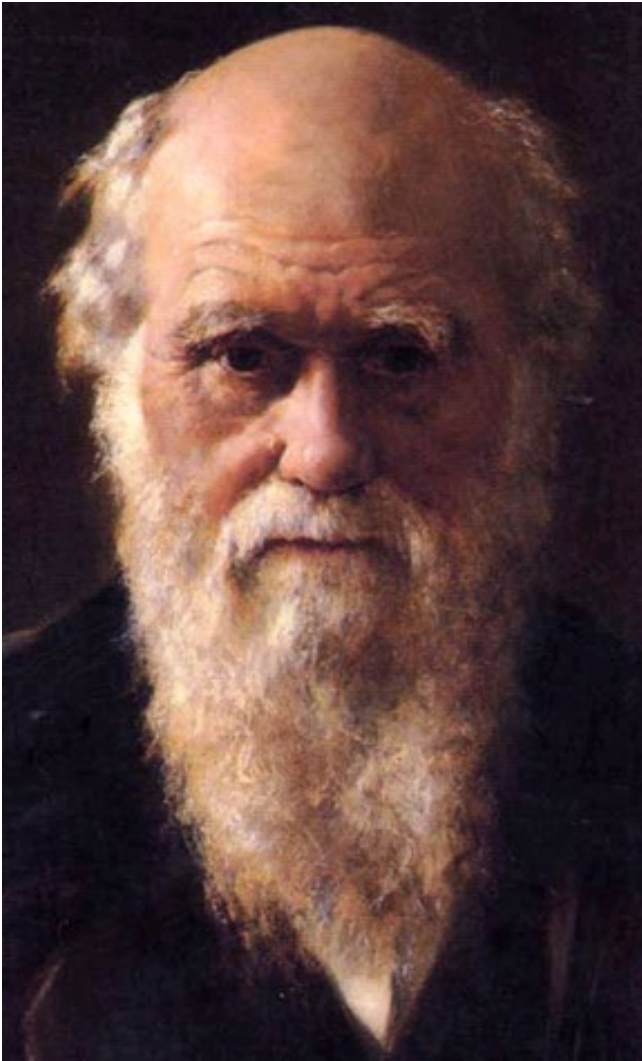
- Frameworks
- Forecasting
- Metrics

2. Business Plans

3. Thinking Strategically

4. Questions





“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

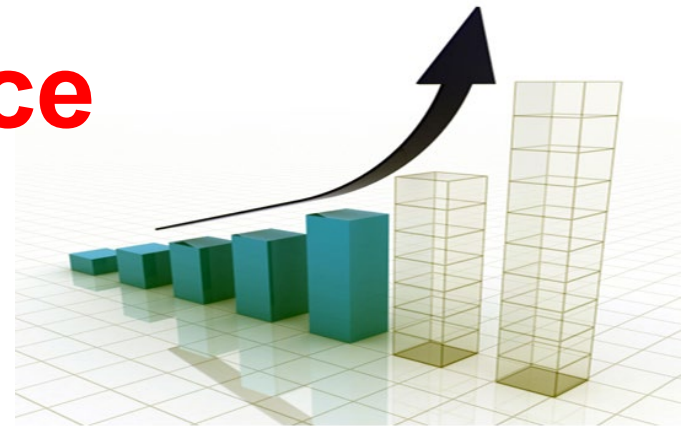
– **Charles Darwin**

So Why is Strategy Important?



Why is Strategy Important?

- **Effective Strategy = Improved Performance**



Why is Strategy Important?

- **Regardless of role, a solid understanding of strategy is essential to contribute to major decisions**



Why is Strategy Important?

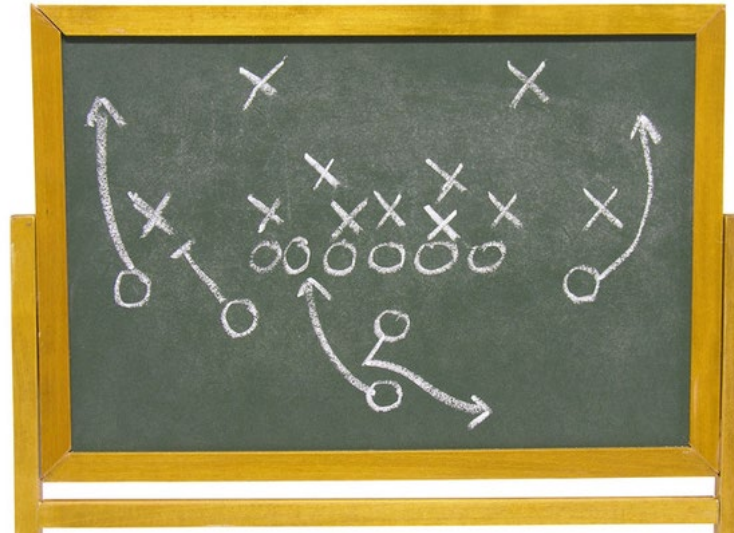
- **Art of developing and implementing specific actions and decisions that will enable the organization to achieve goals**
- **Highly unlikely** to achieve goals without strategy – true not only in work but in life in general

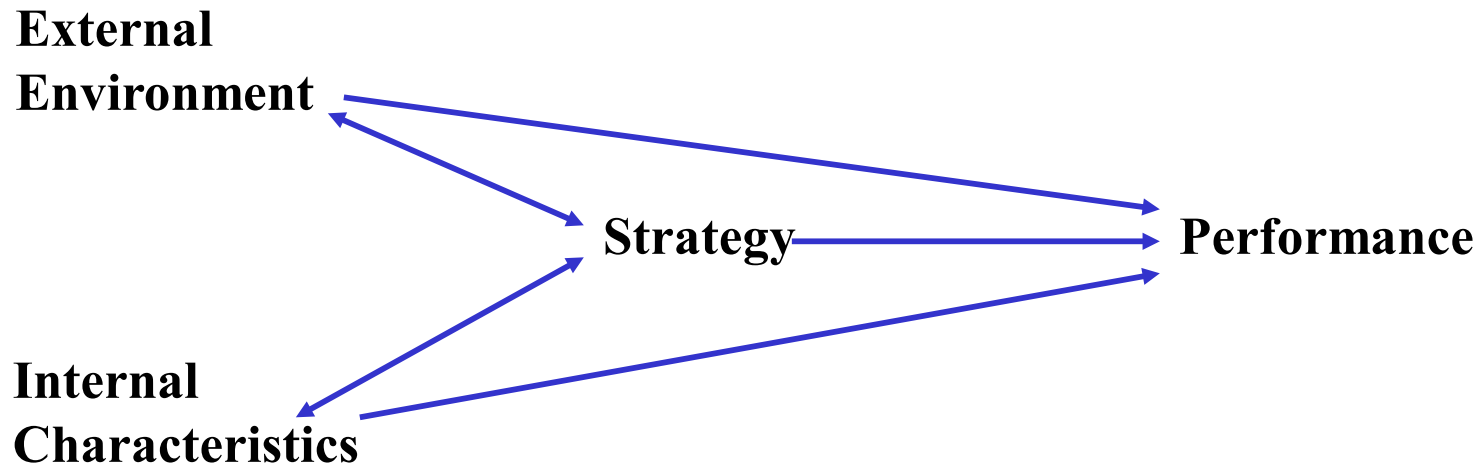


What is Strategy?

A simple definition

- An organization's strategy is the overall plan of how an organization wants to achieve its goals. A strategy provides overall directions for how an organization uses its internal resources and responds to its external environment.





- **Performance** depends on organization's **external environment** (industry), its **strategy**, and its **internal characteristics**

Strategic vs Business Plan

Strategic Plan

Used to implement and manage strategic direction of an **existing** organization

More **long-term** in nature

Communicate **direction** of organization to stakeholders

Business Plan

Used to **start** a business, obtain funding or direct operations

Assess viability of a business opportunity, and is more **immediate** in nature

Presents entrepreneurs **ideas** to funders

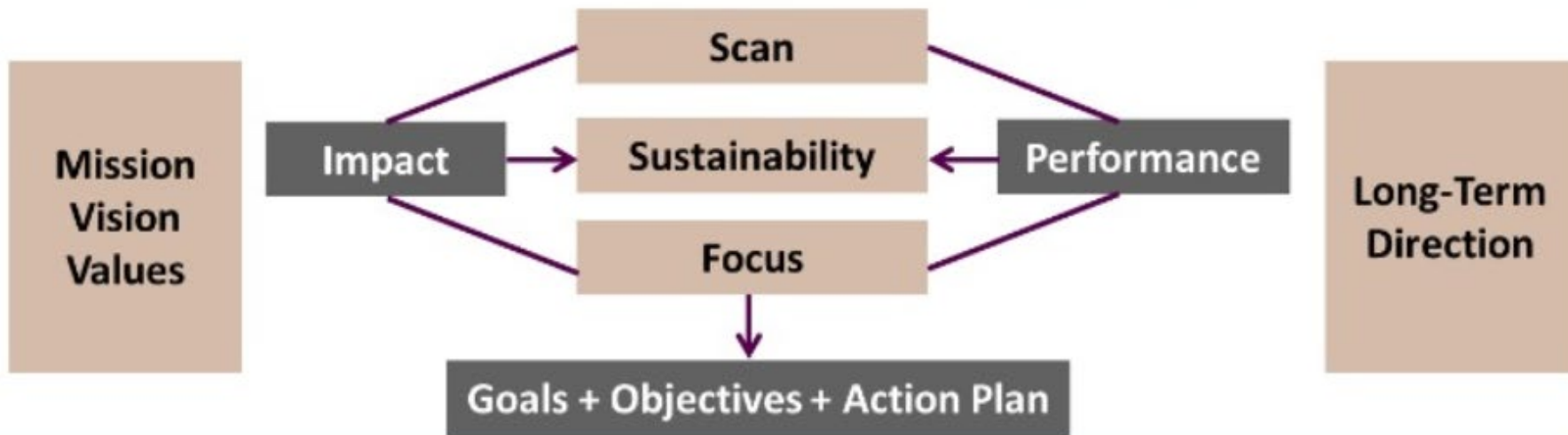
Strategic vs Business Plan

Foundation

Process

Outcome

Strategic Plan



Business Plan



General Principles

- **Strategic Plan – has to be**

- ❖ Actionable
- ❖ Easy to Understand – Team can execute and use as a daily reference
- ❖ Shouldn't be academic or stuck in theory
- ❖ Boiled down to basics so very clear what **goals** are and what actions needed
- ❖ Need a short list of the **highest-impact** projects
- ❖ Need to also be clear about what not to do – where are the **boundaries**

Purpose of the Grants

The Presbytery is looking for people who feel led by God to start something new or to take something old and reshape it into something new. It is looking for people whose gifts match their aspirations. ~~It is looking for people who have a clear plan of sustainability beyond sources from the Presbytery of Westminster. It is not looking for initiatives that require the Presbytery to provide funds in perpetuity. Nor is it looking to invest in land or property.² It is looking for initiatives that take into consideration the local context and culture and where adequate research has been done to demonstrate a particular need to be addressed with clearly articulated assumptions and benchmarks for growth. Since the leadership of the initiative will be key to reaching the goals set, costs associated with project staffing will be considered for funding.~~

Strategic Plan

Current State

Future State

Strategic Plan

Strategic Plan

Current State

- Where are we now?
- Organization Overview (past milestones, achievements, current services, key competencies, financial analysis etc.)
- Strategic Analysis of internal/external environments, including:
 - Current structure, vision, mission
 - Challenges
 - Product (or Service) Customer Matrix (PCM)
 - PEST Analysis
 - 5-Forces Analysis or SWOT

Future State

Strategic Plan

What is the difference between strategy, mission and vision?

- **Vision Statement**

- What the organization **wants** to be
- Bigger Picture
- Future-oriented



Vision Statement

- **Purpose of Vision**

- Motivational
- Included long-term strategy, but typically **less specific** than strategy statement
- Popular for innovative ventures

What is the difference between strategy, mission and vision?

- **Mission Statement**

- Fundamental **purpose** of the organization
- **Why** we exist
- More immediate than Vision



- **Purpose of Mission Statement**

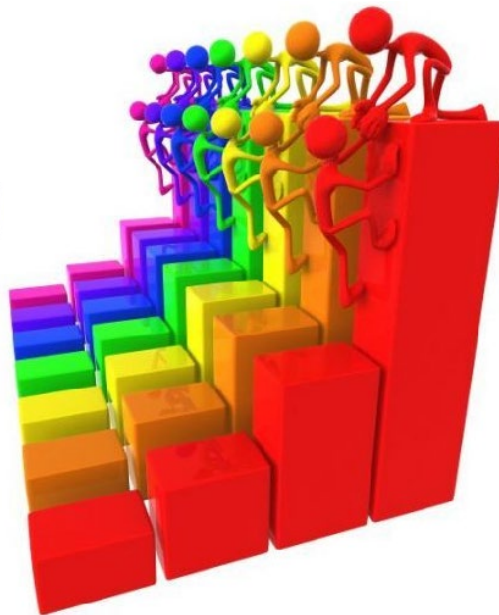
- Public Relations
- Internal communication of culture
- Internal soul-searching

What is the difference between strategy, mission and vision?

Vision dictates Mission that determines Strategy



Mission – Core Purpose
(WHY we exist)



Vision – Picture of ideal future (WHAT we want to be)

Strategy – Game plan for success (HOW we want to get there)

Purpose

The Presbytery of Westminster (referred to in this document as Presbytery) has stated, as part of its vision of renewal, to:

- engage in biblical theological reflection and education that deepens understanding of and commitment to God, the church, and its place in Christ's ministry and mission.
- engage in evangelism, outreach, and discipleship.
- embrace a missional culture that nurtures initiative and risk taking.
- discern, prepare, and support leaders – lay, youth and young adults and clergy – for faithful and fruitful ministry.
- create, encourage, and support communities of faith.
- engage in healing and reconciliation between indigenous and non-indigenous peoples.

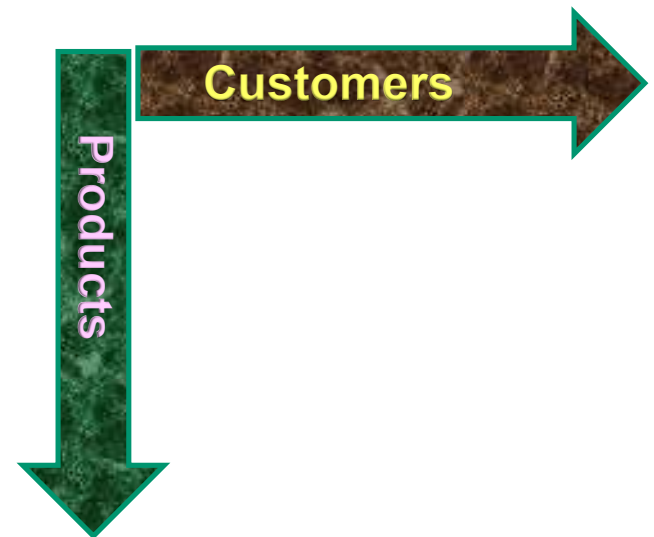
Vision

Our vision is one of being intentional about connecting with God's mission in the world.

Try to align as much as possible with above with all plans

Product-Customer-Matrix

- **PCM** = 2-d array with **products** (or groups of products) on one axis and **customers** (or groups of customers) on other axis
- **Primary purpose**
 - **Help managers describe their company and 'business' that it is in**
- **Describing the business includes**
 - Describing their **goods** or **services**
 - Describing the **target customers** groups
- **May be constructed for firm or industry**



PCM for a Regional Construction Company (Annual Sales in \$millions)

| Products | Customers | | | Total |
|-----------------------------------|-----------------------|----------------------|-----------------------|----------------|
| | Intermediate Customer | Final Customer | | |
| | Private Developer | Public/Institutional | Commercial/Industrial | |
| Residential Concrete Highrise | \$4.3 | \$3.2 | | \$7.5 |
| Office Concrete Highrise | \$12 | \$24 | \$3.2 | \$39.2 |
| Concrete Lowrise | \$1.5 | | | \$1.5 |
| Concrete Tilt-up (Warehouse, etc) | | | \$0.4 | \$0.4 |
| Structural Steel Highrise | \$10 | \$7 | \$9 | \$26 |
| Structural Steel Lowrise | \$12 | \$24 | \$5 | \$41 |
| Woodframe Residential Complex | \$0.9 | | | \$0.9 |
| Woodframe Lowrise | | | \$0.4 | \$0.4 |
| Woodframe Single Resident | \$3.2 | | | \$3.2 |
| Retrofit: All material-uses | | \$15 | \$4.1 | \$19.1 |
| Total | \$43.9 | \$73.2 | \$22.1 | \$139.2 |

“Industry” PCM

- An **Industry PCM** can help clarify industry borders
- **Industry PCM** created by starting with a firm-specific PCM, considering each competitor in turn and:
 - **Adding products** (rows) provided by competitors or substitutes
 - **Adding customers** (columns) served by competitors or substitutes
 - **Segmenting** existing rows and columns more finely

PCM for the BC Gas Supply Industry (Competitors' presence in each segment)

| Products | Customers | | | | | | | |
|--------------------------|--------------------------|------------------------|--------------------------------------|--------------------|----------------------|-------------------|-----------------|----------|
| | Environmental Protection | | Refining, Cutting and Binding Metals | | Other Industries | | | |
| | Pulp & Paper | Chemical/Petrochemical | "Heavy" Industries | "Light" Industries | Medical Institutions | Medical Home Care | Food Processing | Beverage |
| Bulk Oxygen | B, D | | B, D | | A, B, C, D | | | |
| Oxygen in Cylinders | A, B, C, D | | B, C, D | B, C, D | B, C, D | B, D | | |
| On-site Oxygen | B, D | | A | | | | | |
| Bulk Nitrogen | B, D | A, B, D | B | | | | B, C | |
| Specialty Gases | B, C, D | A, B, D | B, D | A, B, D | A, B, D | | B, C, D | |
| Fuel Gases | B, C, D | | B, C, D | <u>B, C, D</u> | | | | |
| Carbon Dioxide & Dry Ice | B, C | | B, D | B, C, D | | | B | B, C |
| Welding Products | B, C, D | | B, C, D | <u>B, C, D</u> | | | | |

Key: A = client firm; B, C, D = competitors; B, C, D = companies in the largest segments

PCM for Coffee Industry

| Customer/Product | Drip Coffee | Specialty Coffees | Non Coffee Beverages | Food | Smartphone App, Coupons Pre-order, etc. | Merchandise (Tumblers, mugs, gift cards) | Retails Items (Grounds, coffee products etc.) | Lounge (Area to sit and chat, wifi) | Contracted Services (Starbucks location for a company) |
|---|------------------|-------------------|----------------------|------------------|---|--|---|-------------------------------------|--|
| Loyalty customers | S, W, B, T, S, M | S, W, B, T, M | S, W, B, T, M | S, W, B, T, 7, M | S, T, 7 | S, W, B | S, T, | S, W, B | |
| Occasional drinkers | S, W, B, T, 7, M | S, W, B, T, M | S, W, B, T, M | S, W, B, T, 7, M | S, T, 7 | S, W, B | S, T, | S, W, B | |
| Stores that carry products (Safeway, other grocery stores) | | | | | | | | | S, T, M |
| Companies that host Starbucks stores (eg. BC Ferries, Chapters) | | | | | | | | | S, T, M |

S = Starbucks, W = Waves, B = Blenz, T = Tim Horton's , 7 = Seven 11, M = McDonald's

How can you Segment Household Customers?

- **Demographics** (age, gender, income, first language)
- **Knowledge or purchase occasion** (frequency, etc.)
- **Psychographics or lifestyle** (yuppies, dinks, etc.)
- **Benefits sought** (status, mobility, reliability, etc.)
- **Location**
 - > Continent/country
 - > Geographic region
 - > Urban/rural



A *Corporate* PCM for an International Forest Products Company

| Products | Customers | | | | |
|---------------------------|-----------|--------|-------|-------|--------|
| | Canada | U.S.A. | Japan | U.K. | Total |
| BUILDING MATERIALS | | | | | |
| Lumber | 7.64 | 20.93 | 4.13 | 3.44 | 36.14 |
| Plywood | 5.02 | 2.74 | 0.06 | 0.90 | 8.72 |
| Wafer board | 4.21 | 3.94 | | | 8.15 |
| Particleboard | 0.82 | | 0.01 | | 0.83 |
| PULP & PAPER | | | | | |
| Newsprint | 1.91 | 12.95 | 1.85 | 2.02 | 18.73 |
| Market Pulp | 0.28 | 1.29 | 2.46 | 5.49 | 9.52 |
| Recycled Prods | 0.27 | 2.89 | | | 3.16 |
| CONTAINER BOARD | | | | | |
| Linerboard | 0.04 | 4.12 | | 1.07 | 5.23 |
| Corrugating Medium | 1.50 | 2.20 | 0.08 | 0.37 | 4.15 |
| Corrugated Containers | | 5.34 | | | 5.34 |
| TOTAL | 21.69 | 56.4 | 8.59 | 13.29 | 100.00 |

(Percent Share of Revenue)

What Goes in the Cells?

- **At a minimum:**
 - The **presence** or **absence** of products or services in this segment

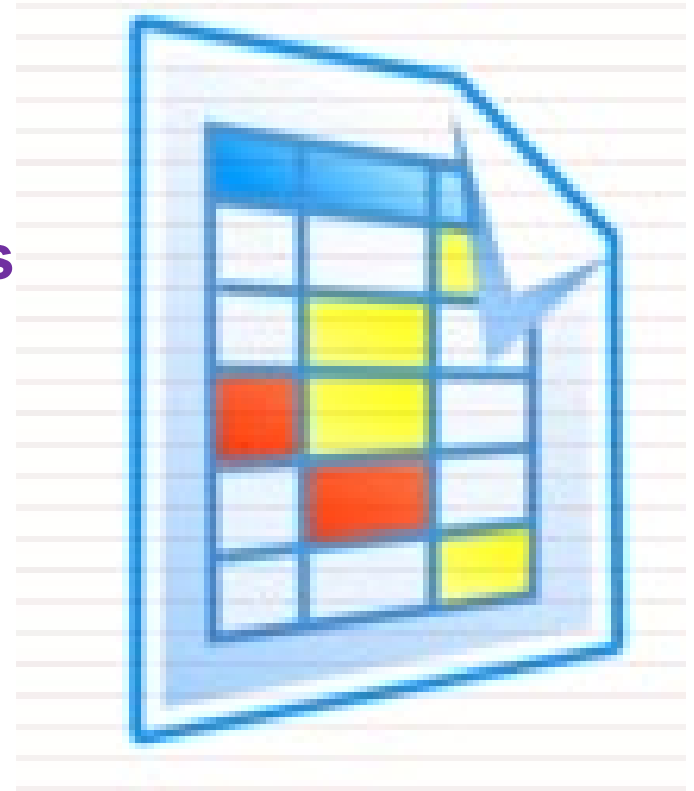
- **Preferably:**
 - **Revenue**
 - # of **customers** or clients served, especially for NPOs

- **Ideally:**
 - Gross **profit**, operating profit or cash-flow

| | | |
|----------|----------|----------|
| √ | √ | √ |
| √ | √ | √ |
| √ | √ | √ |
| √ | √ | √ |
| \$223 | \$223 | \$223 |
| \$223 | \$223 | \$223 |
| 47893 | 47893 | 47893 |
| 47893 | 47893 | 47893 |
| 47893 | 47893 | 47893 |
| \$98,753 | \$98,753 | \$98,753 |
| \$98,753 | \$98,753 | \$98,753 |
| \$98,753 | \$98,753 | \$98,753 |
| \$98,753 | \$98,753 | \$98,753 |
| \$98,753 | \$98,753 | \$98,753 |

PCM Conclusion

- **PCMs/SCMs useful for**
 - Describing the “business”
 - Describing current positioning strategy
 - Developing strategy alternatives
- **When constructing a PCM**
 - Focus on the dimensions, not the cell contents



Political



- Free trade & free trade zones
- GATT, NAFTA, Expanding EEC
- Country-specific political risks
- Regulatory environment
- Deregulation and privatization

Economic



- Recession versus growth
- Interest and exchange rates
- Unemployment rates
- Debt levels
- Tax rates

Socia-Cultural



- Population and age structure
- Education levels
- Health
- Natural environment
- Urbanisation

Technological



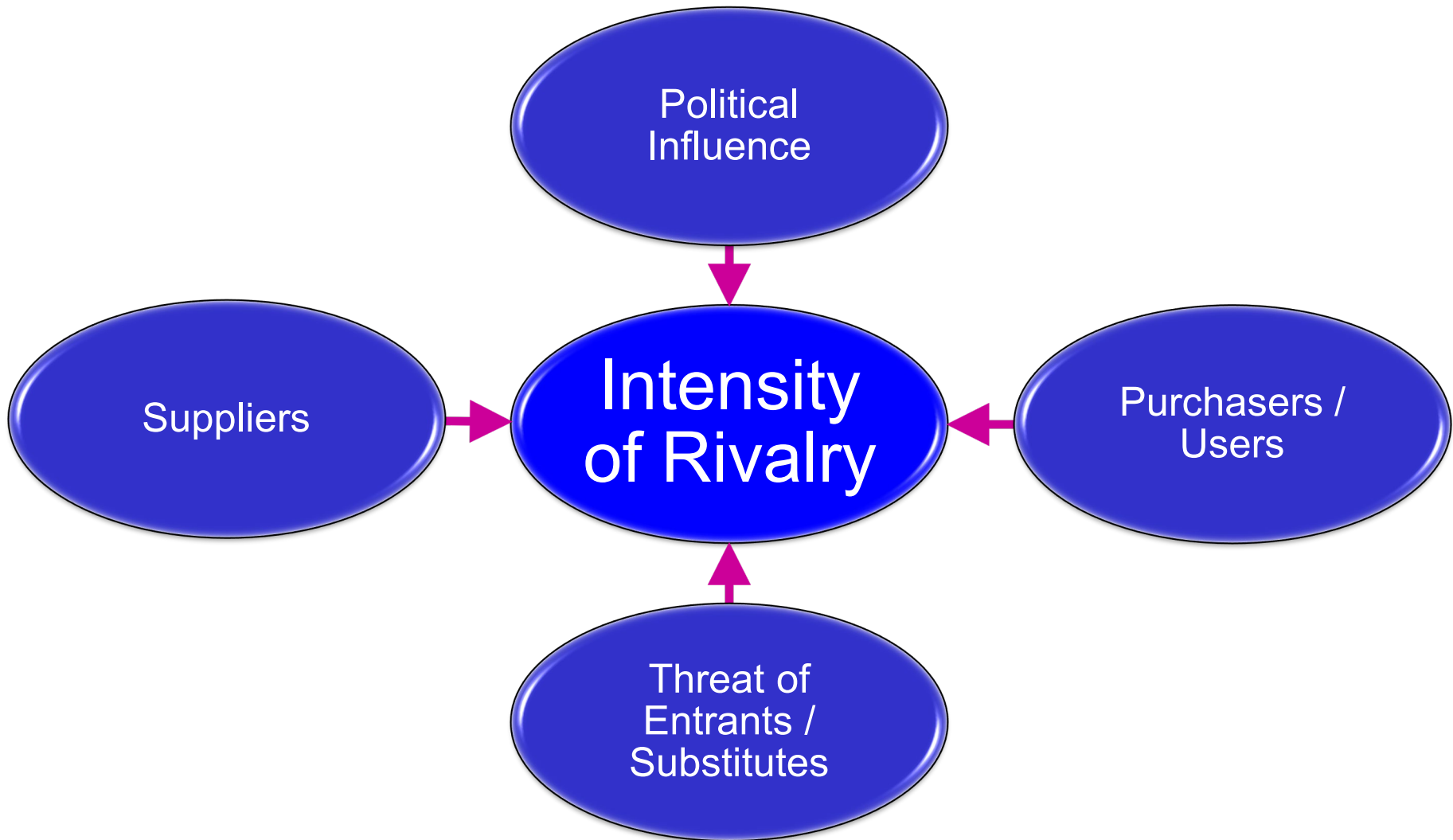
- Scientific advances
- R&D investment
- Emerging technologies
- Diffusion of technologies

Competition for Not-For-Profits?

- **What** do they compete for?
- **With each other for:**
 - Donors
 - Grants / Subsidies
 - Sponsors
 - Clients
 - Consumers
 - Volunteers
 - Etc.

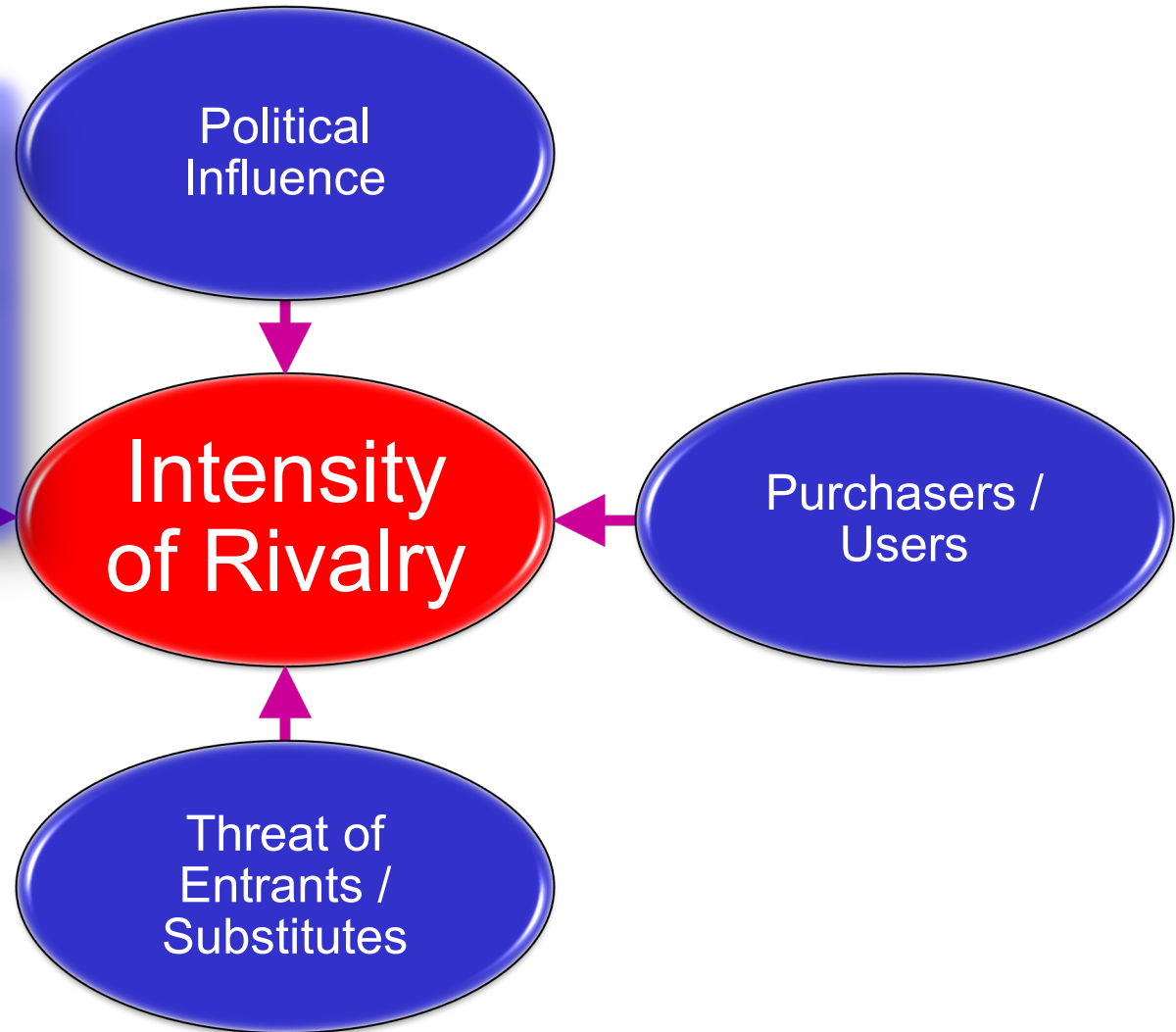
non profit

External Forces



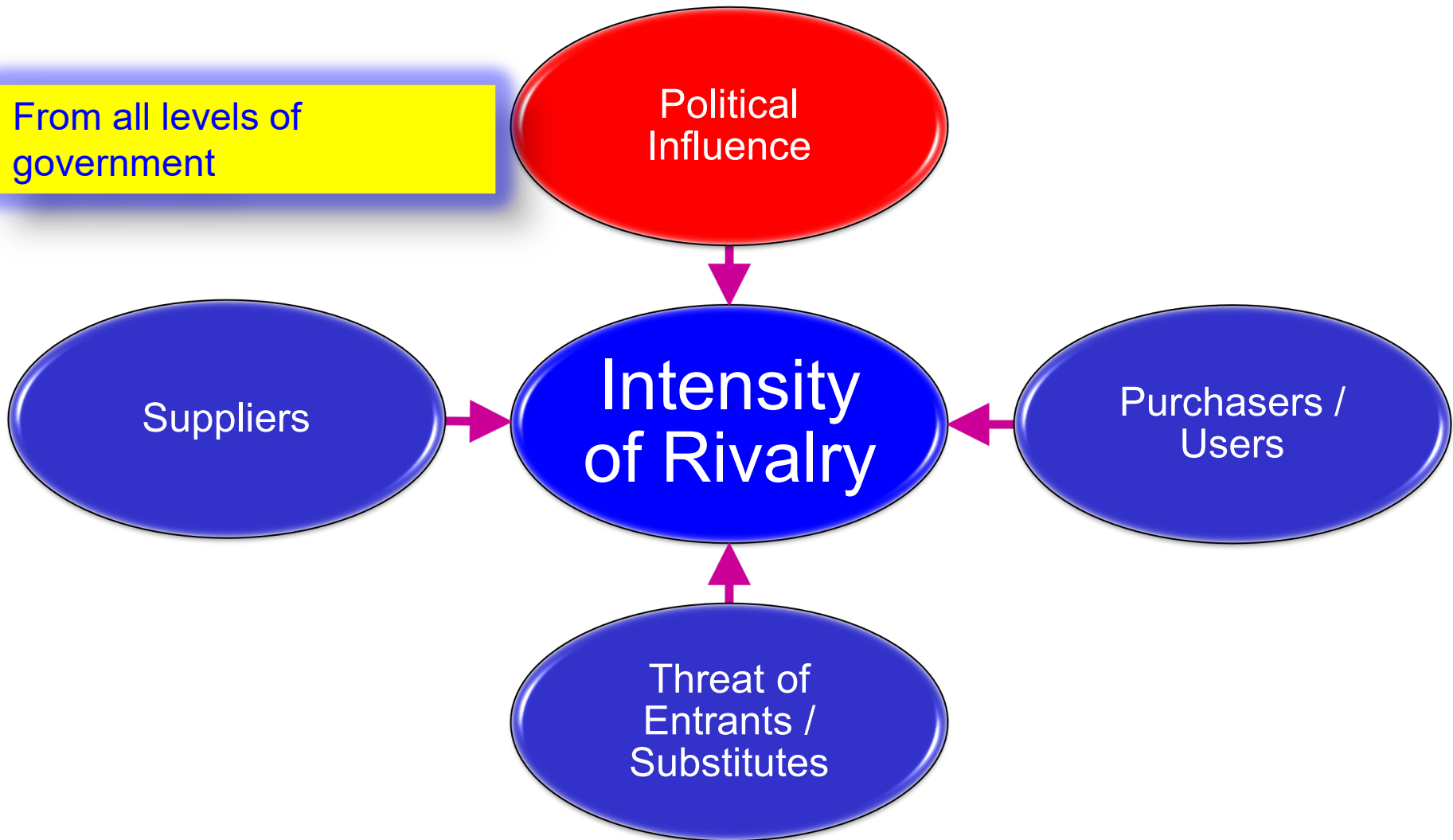
External Forces

Even if in Monopoly;
Consider competition from
other government agencies
(could take you over) or
not-for-profits.
Also, is monopoly
contestable?



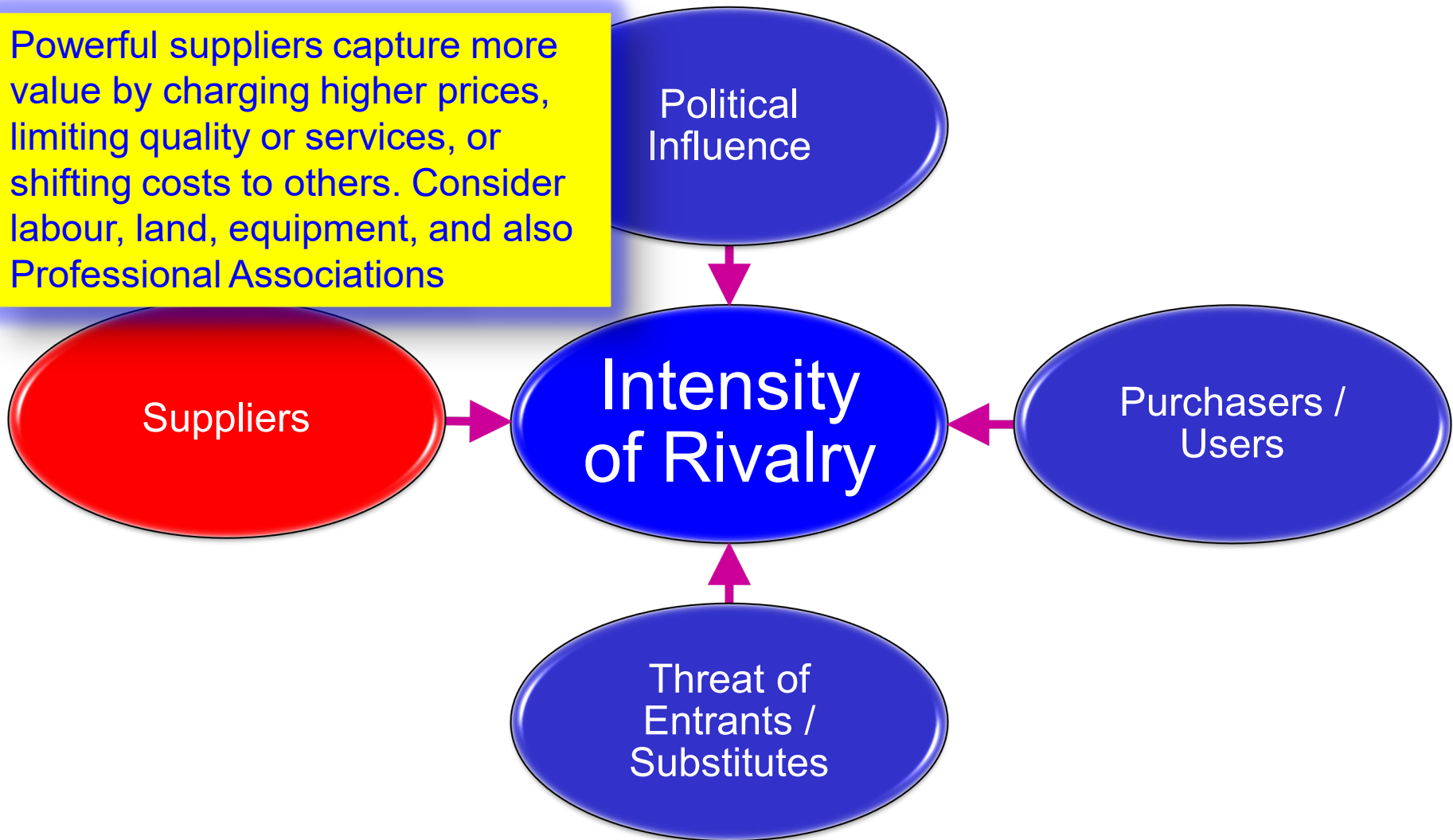
External Forces

From all levels of
government

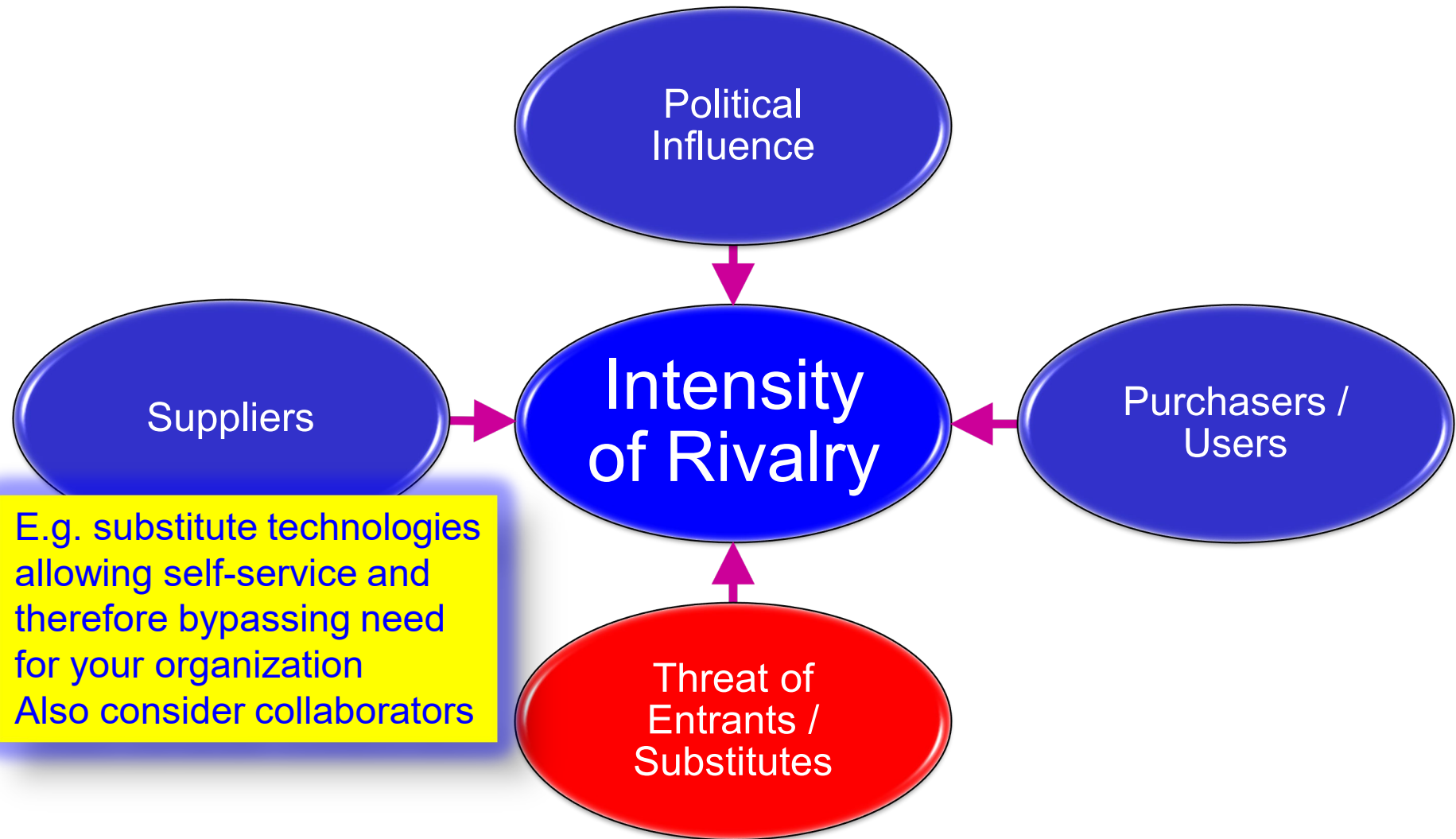


External Forces

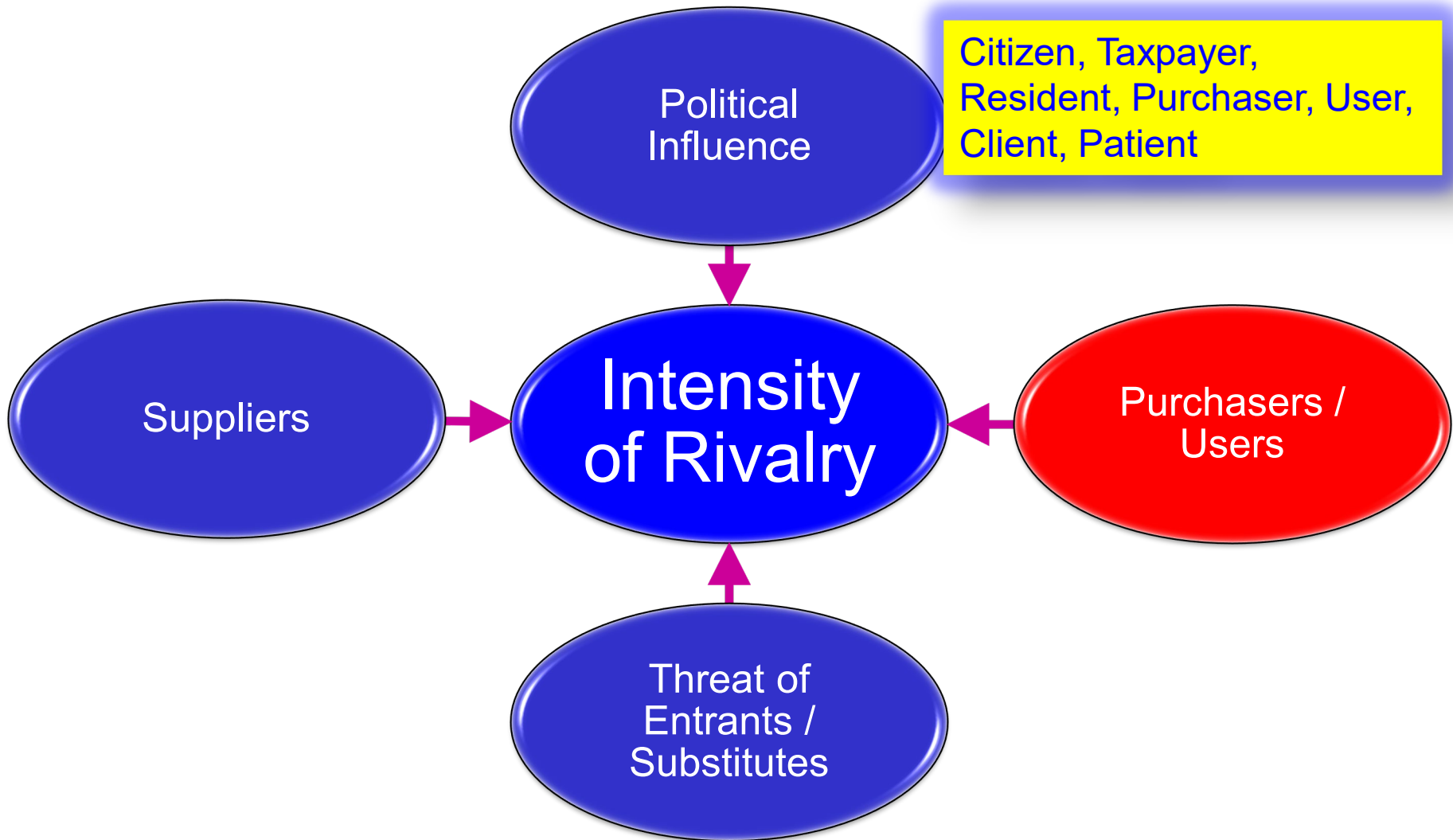
Powerful suppliers capture more value by charging higher prices, limiting quality or services, or shifting costs to others. Consider labour, land, equipment, and also Professional Associations



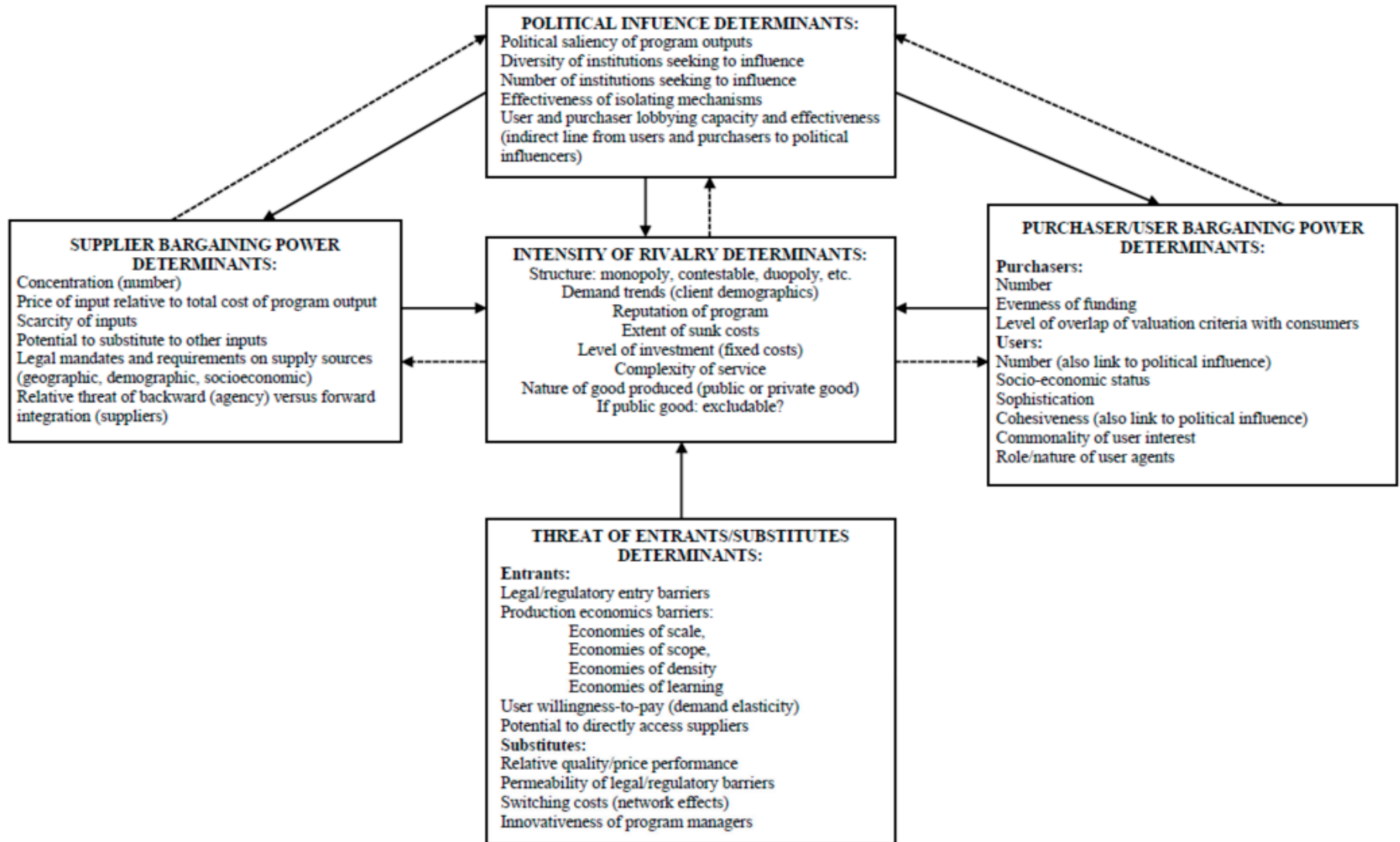
External Forces



External Forces



External Forces



Strategic Plan



Current State

Future State

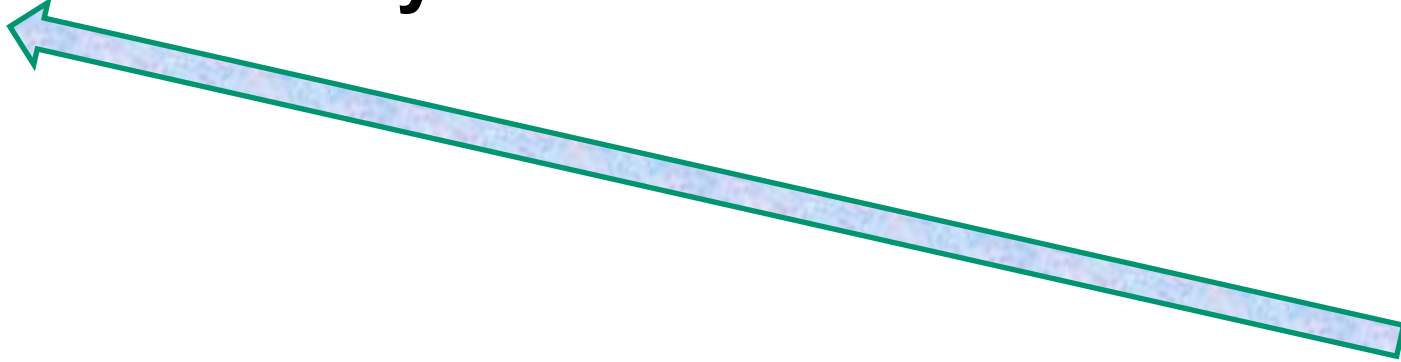
- Desired future state
- Should include:
 - Broad, high-level goals – need to make sure are in sync with vision
 - Vision
 - Mission and Core Values (any changes?)
 - Future Business Model

Strategic Plan

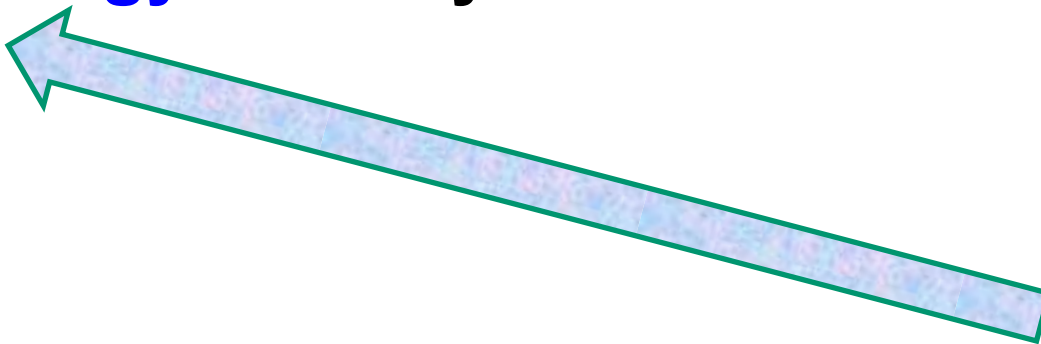
Strategy from the General Managers Perspective

| | | |
|--|--|------------------------------------|
| | | Prime Responsibility |
| <p>Owners / Shareholders / Board of Directors</p>  | | Set company goals |
| <p>General Managers (CEO or MD of line business)</p>  | | Define and execute strategy |
| <p>Functional Managers (e.g., VP of HR)</p>  | | Define and execute tactics |

- **Goal** = **What** you want to achieve



- **Strategy** = **How** you could achieve your **Goal**



- **Tactic** = **Action** to execute a **Strategy**

Example

- **Context:** Family-owned Pacific Northwest rainforest excursions company

- **What are it's**
 - Goals?
 - Strategies?
 - Tactics?



Example

- **Goal:**
 - Earn reasonable return
 - Retain family control
 - Maintain friendly family culture
 - Educate people about ecology and native culture
- **Strategy:**
 - Provide high quality, customized tours to an affluent clientele, that includes educational aspects
- **Tactics:**
 - Involve next generation in business
 - Maintain excellent customer service, irrespective of costs
 - Refrain from aggressive growth and business expansion



Strategic Plan

Current State

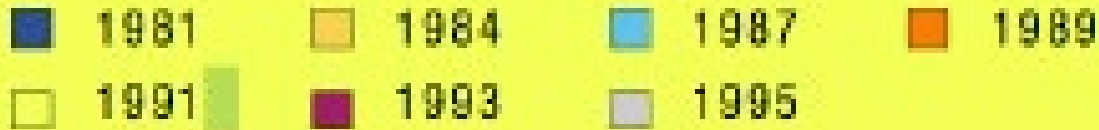
Future State

Strategic Plan

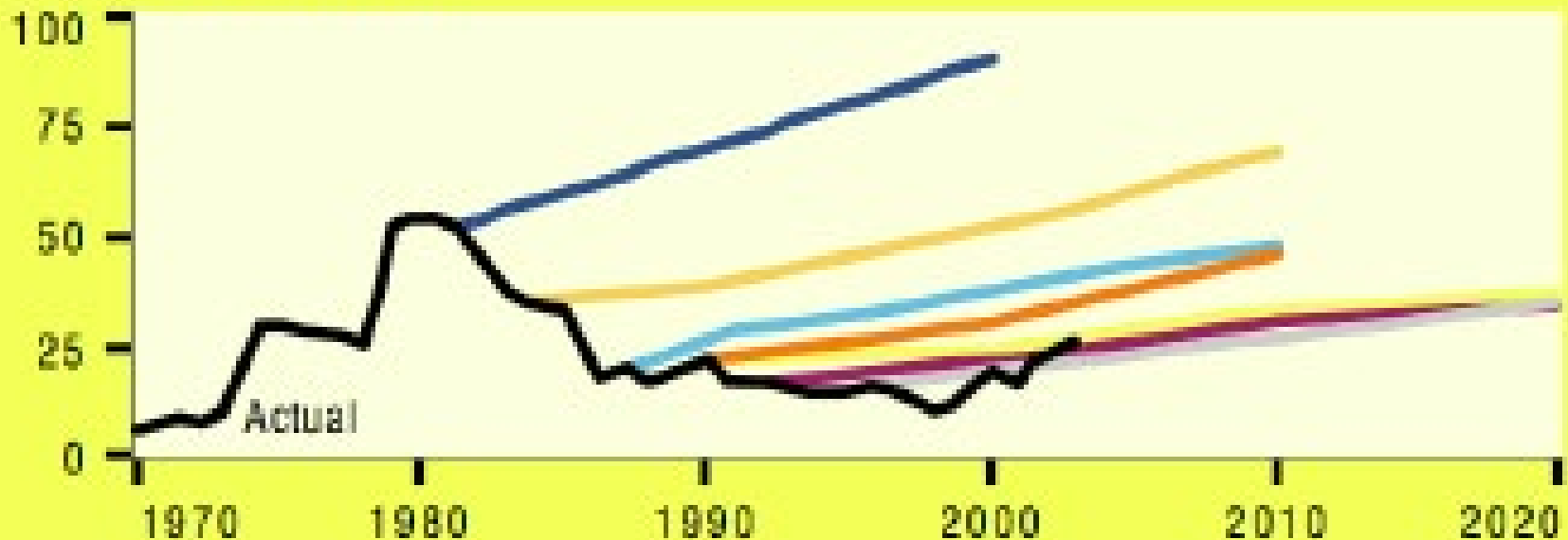
- How to bridge from current to future
- Should be narrowed to 3-5 initiatives
- Art of saying “no” more than “yes”
- Should include:
 - Strategic priorities – list of main projects
 - Details on actions needed for each strategy
 - Financial Projections
 - Action Plan

Forecasting Often Incorrect – Consider Oil

The oil industry's expectations in:



US\$ / bbl (1990)



Source: Shell

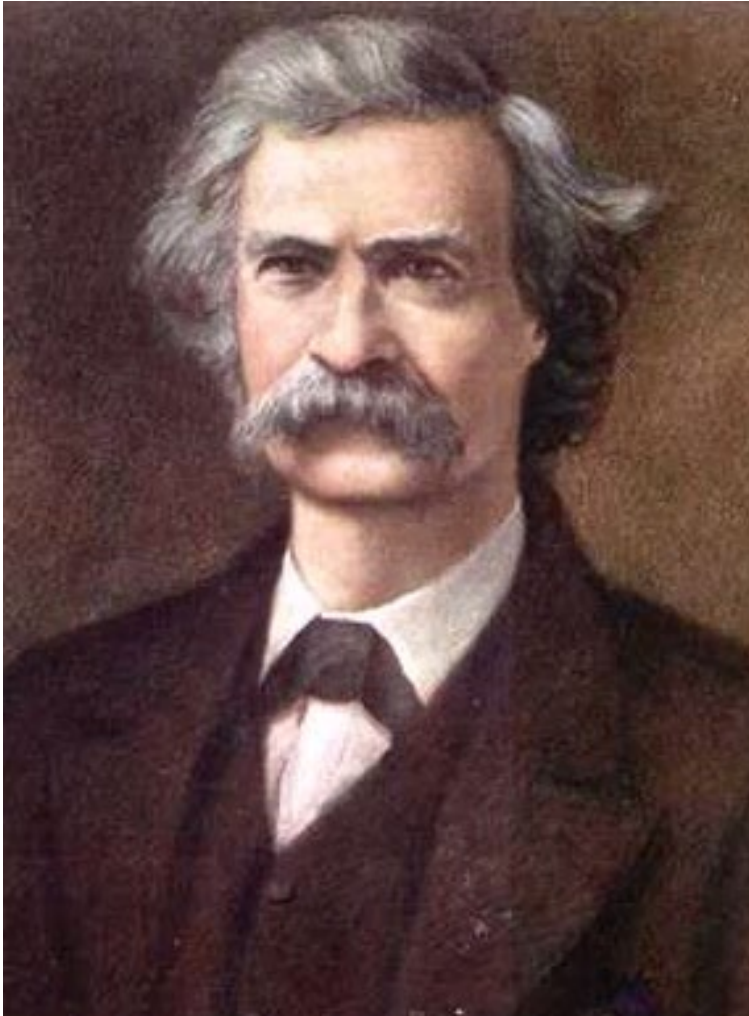
One of the Problems



"There are known knowns. There are things that we know that we know. There are known unknowns. That is to say, there are things that we now know we don't know. But there are also unknown unknowns. There are things we do not know we don't know."

- **Donald Rumsfeld**, Defense Department Briefing, Feb 12, 2002

On the Other Hand



“It ain’t what you
don’t know that
gets you into
trouble.

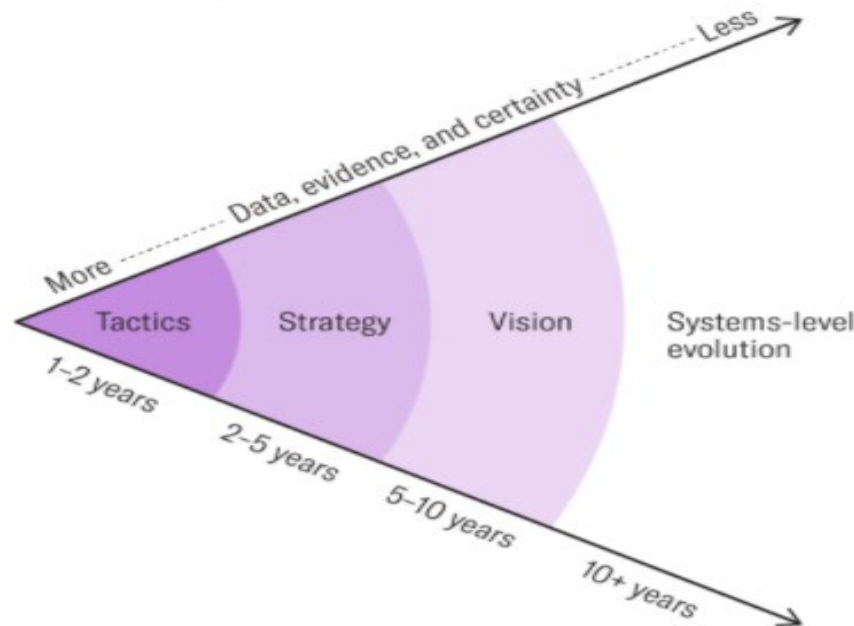
It’s what you **know**
for sure that just
ain’t so.”

- **Mark Twain**

Timelines and Uncertainty

A Futurist's Framework for Strategic Planning

Instead of arbitrarily assigning goals on a quarterly or yearly time line, use a cone instead. First identify highly probable events for which there's already data or evidence, and then work outward. Each section of the cone is a strategic approach, and it encompasses the one before it until you reach major systems-level evolution at your company.

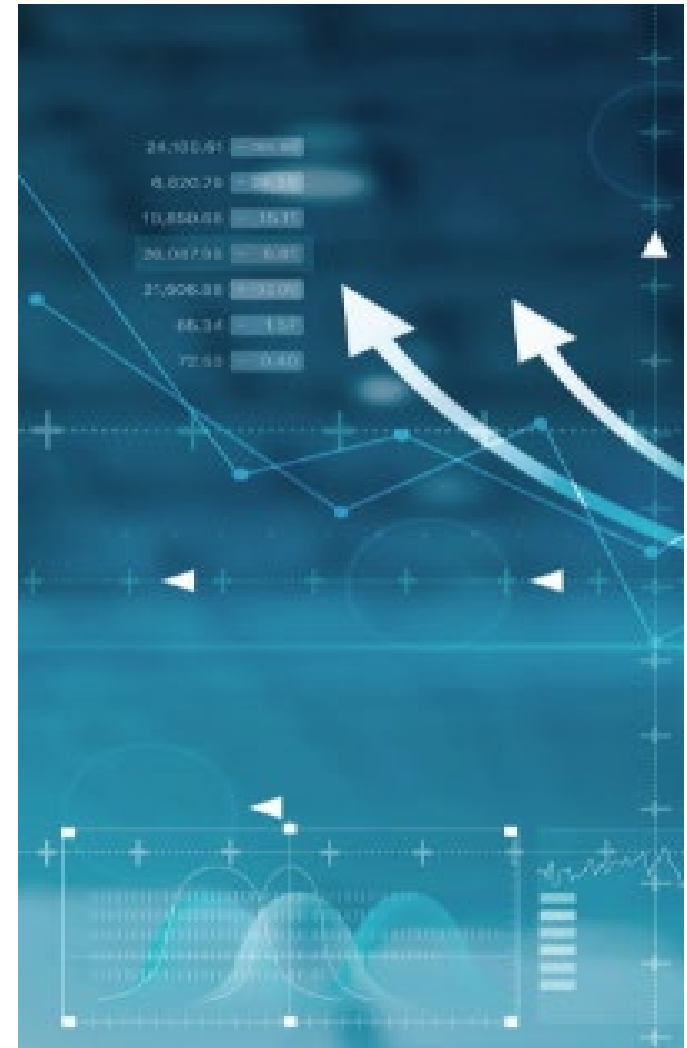


Source: Amy Webb, Future Today Institute

HBR

Sensitivity Analysis

- Sometimes called “**What-If**” Analysis
- Adds considerable **robustness** and **credibility** to plan
- Easy within Excel
- Consider for any **unknown variables** (sales, interest rates, number of customers, Government funding etc.)



Sensitivity Analysis

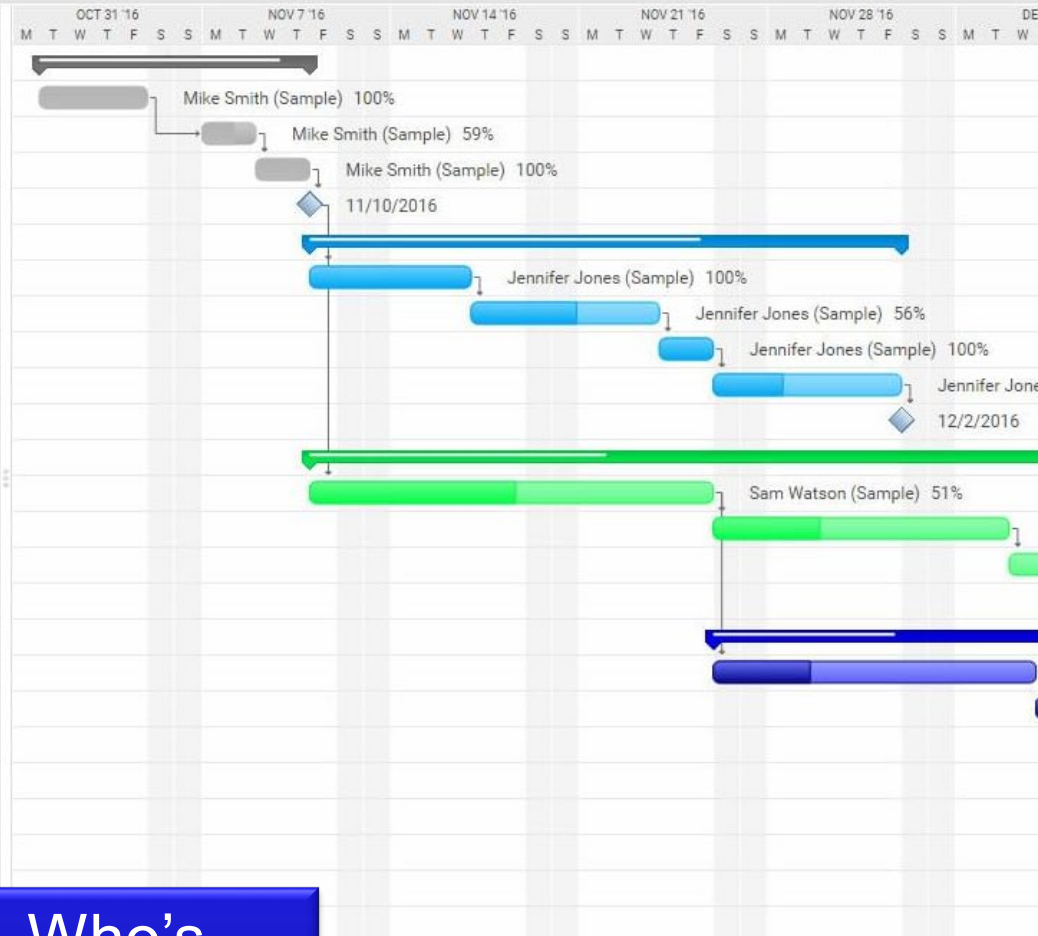
| | B | C | D | E |
|----|---------------------------|------------------------------|-----------------------|-------------------------------|
| 3 | | | | |
| 4 | | Pessimistic | Expected | Optimistic |
| 5 | | 20% Decrease in Sales | Original Sales | 15 % Increase in Sales |
| 6 | Sales: | | | |
| 7 | Units | \$6,305.60 | \$7,882.00 | \$9,064.30 |
| 8 | Selling Price per Unit | \$73.89 | \$73.89 | \$73.89 |
| 9 | Total Sales | \$465,920.78 | \$582,400.98 | \$669,761.13 |
| 10 | Variable Costs: | | | |
| 11 | Cost of Goods Sold | \$104,152.80 | \$130,191.00 | \$149,719.65 |

Major Actions

Specific Dates

Sample Action Plan

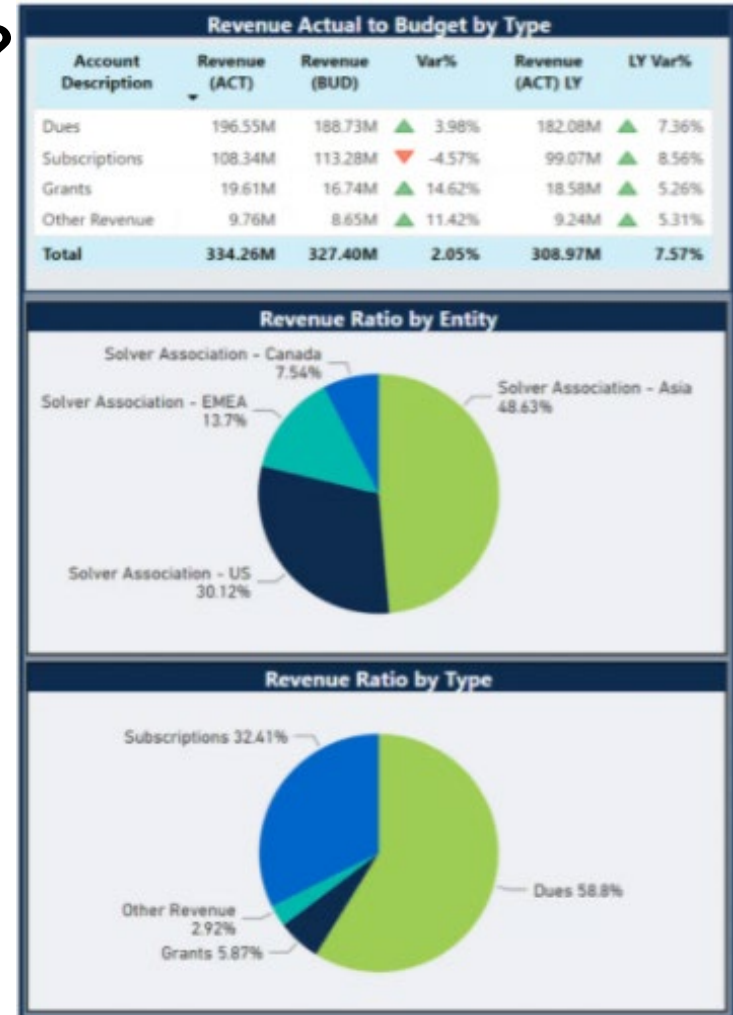
| Task Name | Planned Start Date | Planned Finish Date | Assigned | Complete |
|-------------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| 1. Analysis | 11/1/2016 | 11/10/2016 | | <input type="checkbox"/> |
| On-Site Meetings | 11/1/2016 | 11/4/2016 | Mike Smith (Sample) | <input checked="" type="checkbox"/> |
| Discussions with Stakeholders | 11/7/2016 | 11/8/2016 | Mike Smith (Sample) | <input type="checkbox"/> |
| Document Current System | 11/9/2016 | 11/10/2016 | Mike Smith (Sample) | <input checked="" type="checkbox"/> |
| Analysis Complete | 11/10/2016 | 11/10/2016 | Jennifer Jones | <input type="checkbox"/> |
| 2. Design | 11/10/2016 | 12/2/2016 | | <input type="checkbox"/> |
| Design Database | 11/10/2016 | 11/16/2016 | Jennifer Jones | <input checked="" type="checkbox"/> |
| Software Design | 11/16/2016 | 11/23/2016 | Jennifer Jones | <input type="checkbox"/> |
| Interface Design | 11/23/2016 | 11/25/2016 | Jennifer Jones | <input checked="" type="checkbox"/> |
| Create Design Specifications | 11/25/2016 | 12/2/2016 | Jennifer Jones | <input type="checkbox"/> |
| Design Complete | 12/2/2016 | 12/2/2016 | Mike Smith (Sample) | <input type="checkbox"/> |
| 3. Development | 11/10/2016 | 12/9/2016 | | <input type="checkbox"/> |
| Develop System Modules | 11/10/2016 | 11/25/2016 | Sam Watson (Sample) | <input type="checkbox"/> |
| Integrate System Modules | 11/25/2016 | 12/6/2016 | Sam Watson (Sample) | <input type="checkbox"/> |
| Perform Initial Testing | 12/6/2016 | 12/9/2016 | Sam Watson (Sample) | <input type="checkbox"/> |
| Development Complete | 12/9/2016 | 12/9/2016 | Mike Smith (Sample) | <input type="checkbox"/> |
| 4. Testing | 11/25/2016 | 12/20/2016 | | <input type="checkbox"/> |
| Perform System Testing | 11/25/2016 | 12/7/2016 | Mike Smith (Sample) | <input type="checkbox"/> |
| Document Issues Found | 12/7/2016 | 12/15/2016 | Mike Smith (Sample) | <input type="checkbox"/> |
| Correct Issues Found | 12/15/2016 | 12/20/2016 | Mike Smith (Sample) | <input type="checkbox"/> |
| Testing Complete | 12/20/2016 | 12/20/2016 | Sam Watson (Sample) | <input type="checkbox"/> |
| 5. Implementation | 12/20/2016 | 1/10/2017 | | <input type="checkbox"/> |
| On-Site Installation | 12/20/2016 | 12/26/2016 | Jennifer Jones | <input type="checkbox"/> |
| Setup Database | 12/26/2016 | 12/29/2016 | Jennifer Jones | <input type="checkbox"/> |
| Import Live Data | 12/29/2016 | 1/5/2017 | Jennifer Jones | <input type="checkbox"/> |



Who's Responsible

Key Performance Indicators

- What's **missing** from Action Plan?
- **KPI's** to measure progress
- **Sample KPI's include:**
 - ✓ Fundraising ROI
 - ✓ Donor Retention Rate
 - ✓ Donor Growth
 - ✓ Attendance and enrolment
 - ✓ # of Volunteers



Metrics



- **New** strategies need **new** metrics
- What metrics could be used to measure **progress** towards strategic goals?
- What makes a **good** metric?
- Need to be careful – consider Starbucks example

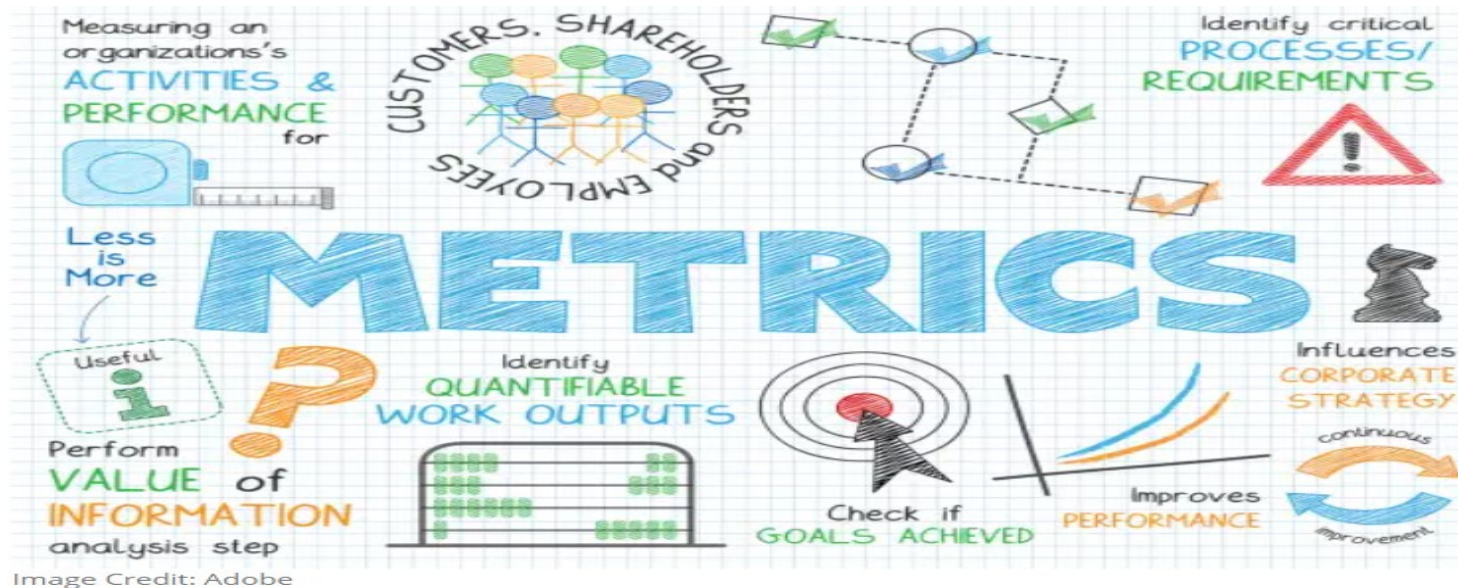
Consider Starbucks

- Metrics used include **service** (friendliness), **product quality** (order accuracy), and **speed of service**
- **What is wrong with using these metrics?**
- Are to some extent self-contradictory and **internally inconsistent**
 - i. The more **friendly** the baristas are, the **slower** the service tends to be
 - ii. The more **time** the barista takes to make sure the order is filled exactly right, the **slower** the line tends to be

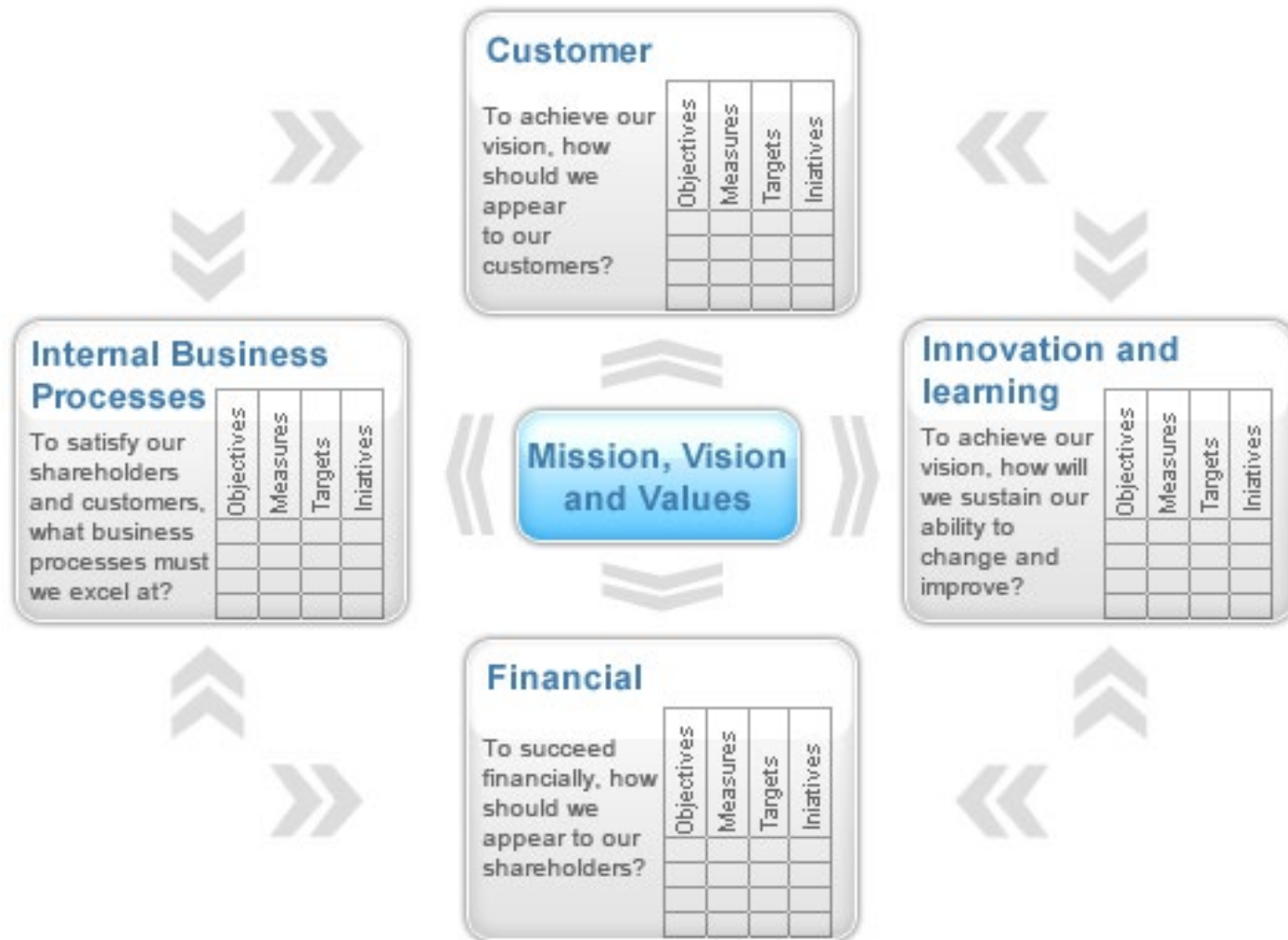


Metrics

- **Exercise** – consider **metrics** for own org to measure progress towards strategy
- Are there any **Links? Redundancy?** Need to have **manageable** number (**10-15**)



Balanced Scorecard



Balanced Scorecard

- Adds **strategic non-financial** performance measures to **traditional financial** metrics
- **'Balanced'** view of organizational performance
- Very **popular** – used by ~50% of Fortune 1000 firms



4 Components of a Typical Balanced Scorecard

Balanced Scorecard



Financial

- How do we look to shareholders?
- Few, relevant, high-level measures



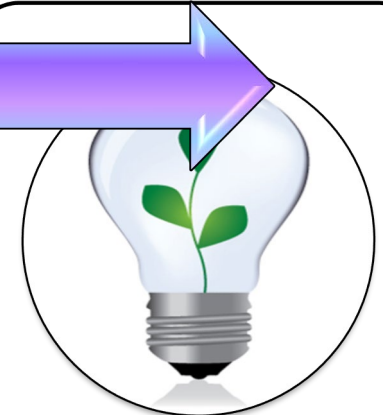
Customer

- How do customers see us?



Internal Business Processes

- What must we excel at?



Learning & Growth

- Can we continue to improve and create value?

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Balanced Scorecard



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Balanced Scorecard



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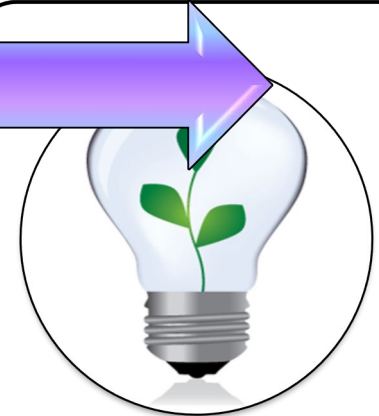
Customer

• How do customers see us?



Internal Business Processes

- What must we excel at?
- How well business is running



Learning & Growth

- Can we continue to improve and create value?

4 Components of a Typical Balanced Scorecard



Balanced Scorecard



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Customer

• How do customers see us?



Internal Business Processes

• What must we excel at?



Learning & Growth

• Can we continue to improve and create value?

4 Components of a Typical Balanced Scorecard



Balanced Scorecard



Financial

- How do we look to shareholders?
- Few, relevant, high-level measures



Customer

- How do customers see us?
- Leading Factor



Internal Business Processes

- What must we excel at?
- How well business is running



Learning & Growth

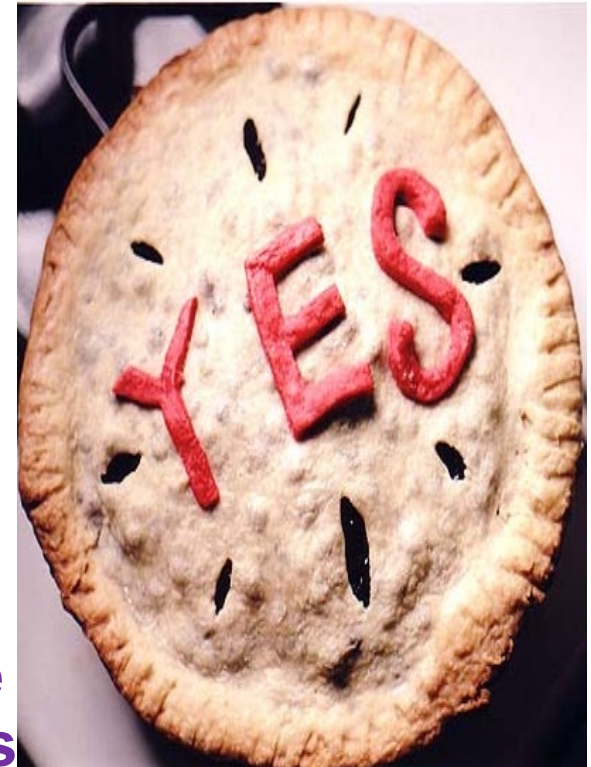
- Can we continue to improve and create value?

Sample Metrics

| Department | Areas |
|-----------------------------|--|
| Finance | Return On Investment Cash Flow Return on Capital Employed Financial Results (Quarterly/Yearly) |
| Internal Business Processes | Number of activities per function Duplicate activities across functions Process alignment (is the right process in the right department?) Process bottlenecks Process automation |
| Learning & Growth | Is there the correct level of expertise for the job? Employee turnover Job satisfaction Training/Learning opportunities |
| Customer | Delivery performance to customer Quality performance for customer Customer satisfaction rate Customer percentage of market Customer retention rate |

Advantages?

1. **Aligns** business activities to **vision** and **strategy**
2. Improves internal and external **communications**
3. **Monitors** performance against strategic goals
4. **Clarifies** strategy by **translating** strategic objectives into **quantifiable measures** and **operational objectives**

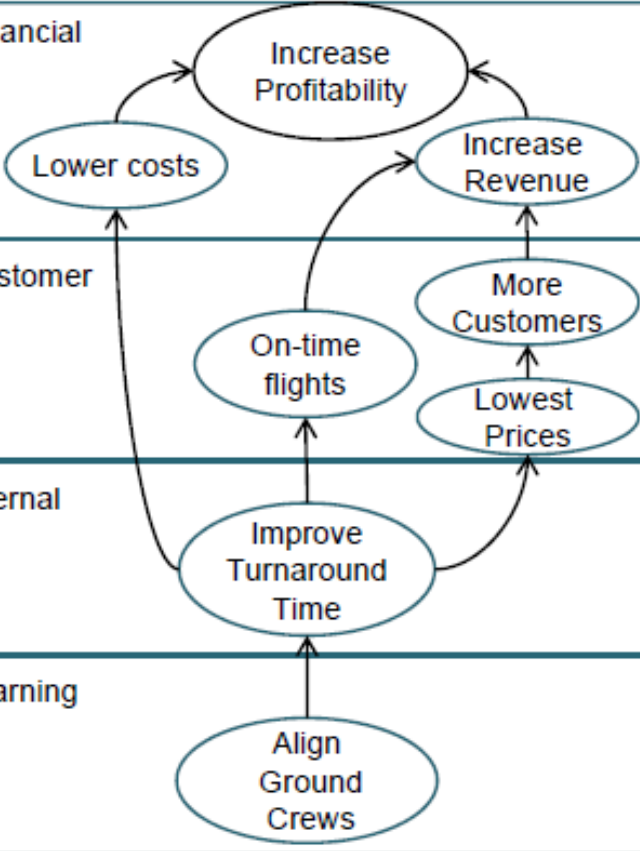


Criticisms?

1. Relies on **well-defined strategy**
2. **External Dimension** - Focuses on customer – how about other forces e.g. new entrants, technology, emerging legislation etc.
3. Processes of collecting, reporting, and distributing information can be **labour intensive**
4. **Generic metrics** – usually not sufficient to adopt metrics used by other successful firms





Regional Airline Balanced Scorecard Example

| Simplified Strategy Map | Performance Measures | Targets | Initiatives |
|--|---|---|--|
|  <p>The diagram illustrates a causal chain of objectives across four perspectives:</p> <ul style="list-style-type: none"> Learning: Align Ground Crews Internal: Improve Turnaround Time (driven by Learning) Customer: On-time flights (driven by Internal); More Customers and Lowest Prices (driven by Internal) Financial: Lower costs (driven by Customer); Increase Revenue (driven by Customer); Increase Profitability (driven by both Lower costs and Increase Revenue) | <ul style="list-style-type: none"> • Market Value • Seat Revenue • Plane Lease Cost | <ul style="list-style-type: none"> • 25% per year • 20% per year • 5% per year | <ul style="list-style-type: none"> • Optimize routes • Standardize planes |
| <p>Customer</p> | <ul style="list-style-type: none"> • FAA On Time Arrival Rating • Customer Ranking • No. Customers | <ul style="list-style-type: none"> • First in industry • 98% Satisfaction • % change | <ul style="list-style-type: none"> • Quality management • Customer loyalty program |
| <p>Internal</p> | <ul style="list-style-type: none"> • On Ground Time • On-Time Departure | <ul style="list-style-type: none"> • <25 Minutes • 93% | <ul style="list-style-type: none"> • Cycle time optimization program |
| <p>Learning</p> | <ul style="list-style-type: none"> • % Ground crew stockholders • % Ground crew trained | <ul style="list-style-type: none"> • yr. 1 70% • yr. 4 90% • yr. 6 100% | <ul style="list-style-type: none"> • Stock ownership plan • Ground crew training |

Developed from material by the Balanced Scorecard Collaborative and Harvard Business Review (Kaplan & Norton)

Hospital Balanced Scorecard Example

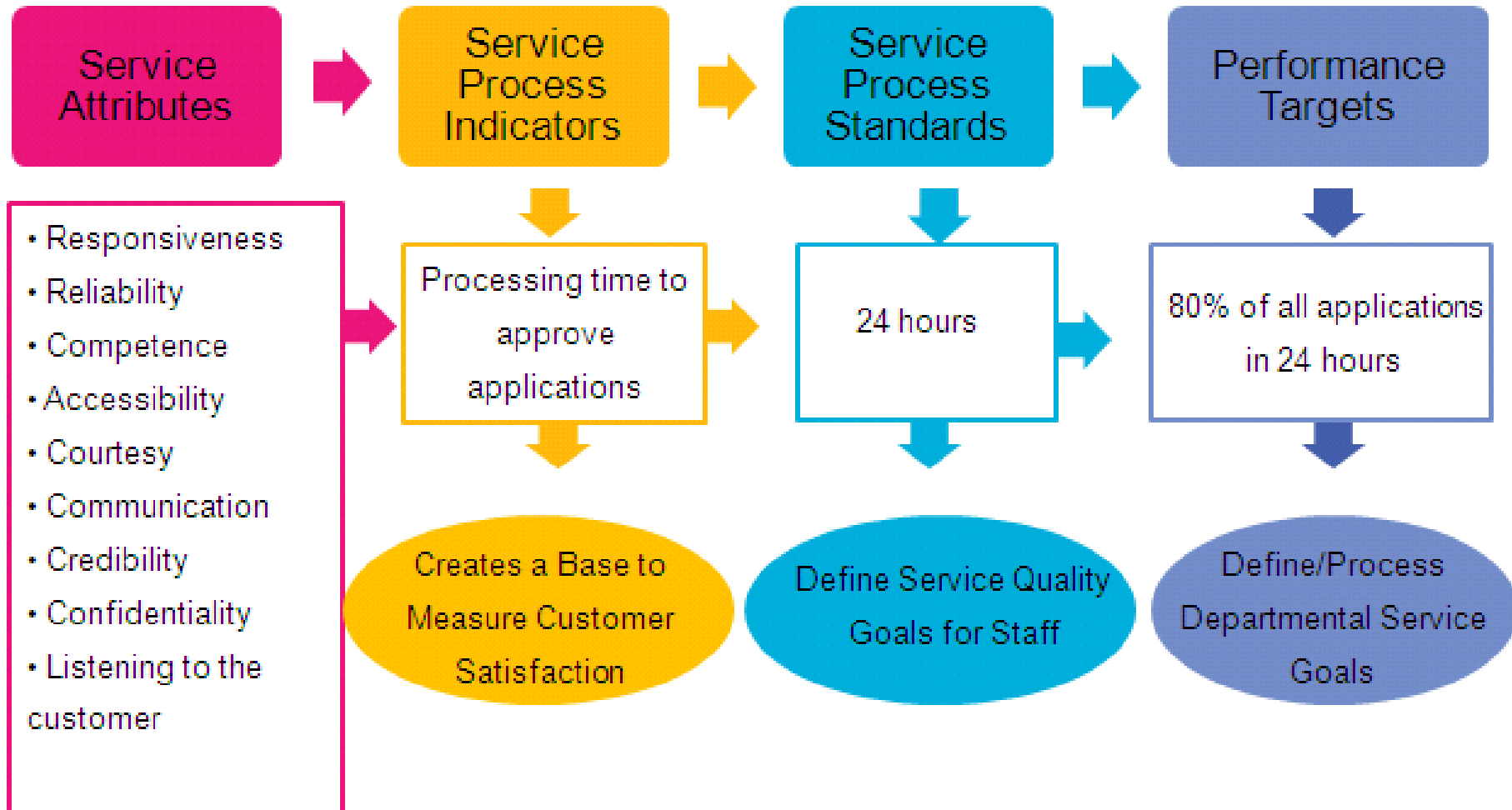
1.0 Patient Care and Outcomes

| | Name | Actual | Target |
|-----|---|--------|--------|
| 1.1 | <u>Enhance Clinical Excellence</u> | | |
| |  <u>Length of Stay</u> | 12 | 3 |
| |  <u>Unplanned Admissions</u> | 23 | 22 |
| 1.2 | <u>Increase Patient Safety</u> | | |
| |  <u>Medication error rate</u> | 1 | 2 |
| |  <u>Fall Rate</u> | 3 | 2 |
| 1.3 | <u>Improve Patient Experience</u> | | |
| |  <u>Press Ganey Inpatient - Overall Mean</u> | 81.2 | 85.0 |

2.0 Core Measures (CMS & JCAHO)

| | Name | Actual | Target |
|-----|--|--------|--------|
| 2.1 | <u>Achieve Goals on Core Measures</u> | | |
| |  <u>AMI Core Measure Attainment Index</u> | 92 | 90 |
| |  <u>Pneumococcal Vaccination</u> | 58 | 75 |
| 2.2 | <u>Achieve 100K Lives Goals</u> | | |
| |  <u>VAP Goal Attainment</u> | 95 % | 98 % |

Setting Service Standards



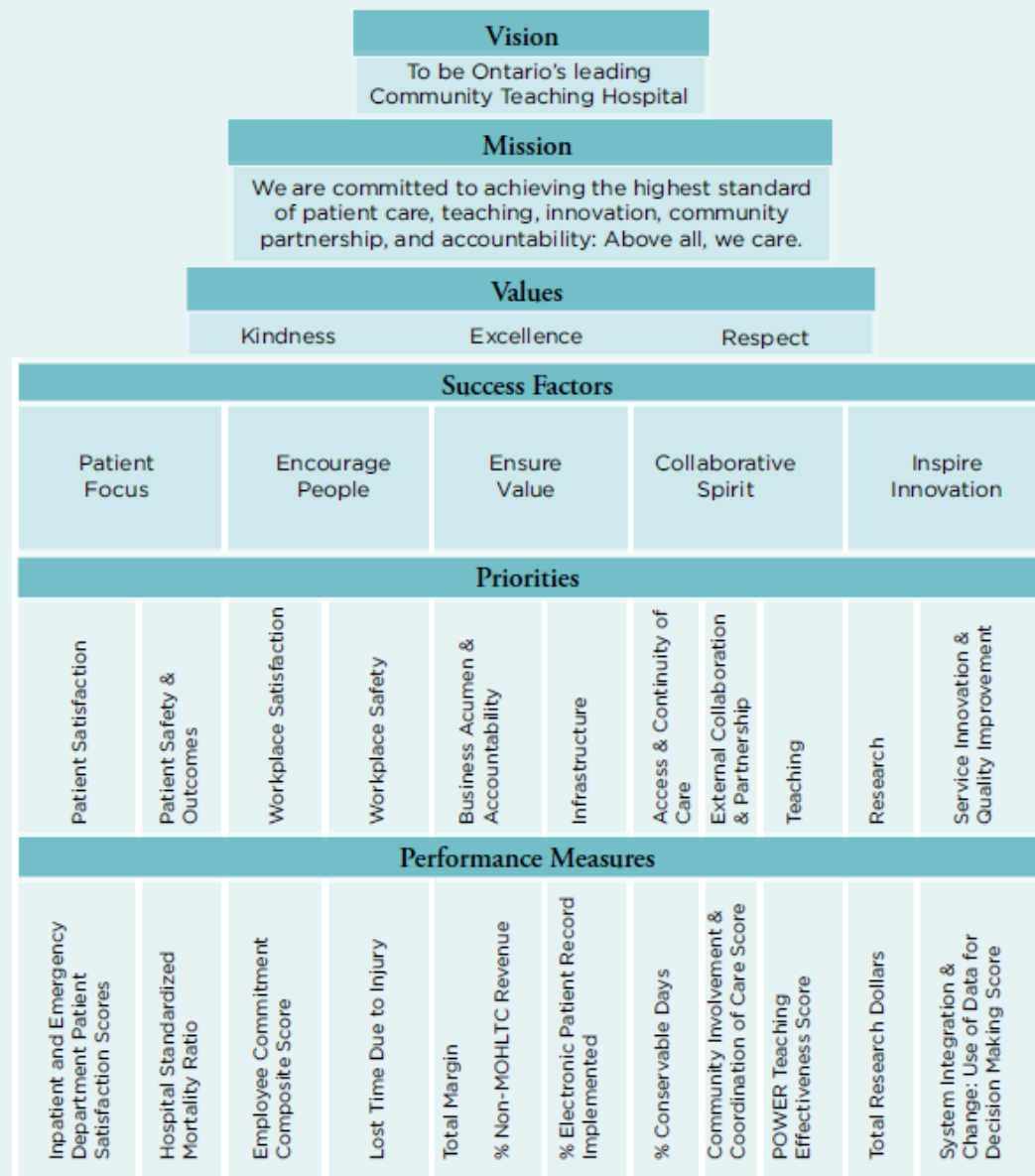
Strategic Plan

Current State

Future State

Strategic Plan

This chart illustrating how Vision, Mission and Values can be linked to success factors, priorities and performance measurements is reproduced with the kind permission of Toronto East General Hospital.



Business Plans



“In preparing for battle I have always found that plans are useless, but planning is indispensable”

– **General Dwight D. Eisenhower**

Template Structure

- **Target length: 20 pages**
 - Excluding financials, résumés or any appendix
- **Every plan is different, so always feel free to deviate from this template structure**
- **Approximate structure**
 1. Executive Summary (1-3 pages)
 2. Customer and Market Analysis (3-4 pages)
 3. Business Model & Competitive Strategy (3-4 pages)
 4. Competitor analysis (2-3 pages)
 5. Implementation plan (2-4 pages)
 6. Risk section (1-2 pages)
 7. Financials Highlights and Assumptions (1-2 pages)
 8. Financials
 9. Founder Résumés



Executive Summary

- **Purpose?**
- To **convince the reader to read on**
- **Length?**
- **Short!** Less than 1000 words – last thing written
- **Contents:** All **key elements** in your business plan
- **Style:** **Clear, dynamic, positive and exciting**
- **Reality:** If haven't **agonized** for hours and days over how to write executive summary, then haven't even scratched the surface of the real process

Executive Summary



Executive Summary



Consider using a “Tagline”

- What is it?
- Sentence, or even fragment of sentence
- Summarizes organization
- Every part of your business plan should adhere to
- Perhaps put in footer of business plan
- Examples of famous taglines?



Taglines
the lines you remember.

Tagline Examples

JUST DO IT.



AVIS®

We try
harder.®



MICHELIN

Because so much is riding on your tires.



Think different.

evian

Live young



The Ultimate
Driving Machine

- Explain **what your org. does**
 - Describe product/service
 - If necessary, give related examples
- Explain **underlying process or technology**
- Explain where **novelty lies** (if any)
- Keep it **simple!**
 - Grandmother/Child test



Customer and Market Analysis

- Clearly articulate the **customer need**
 - Explain **importance** of customer need
 - Is there a **willingness/ability to pay**?
- Provide **secondary market research**
 - Estimate **size & growth potential** of market
 - Provide **relevant market segmentation**
- Provide **primary evidence of market needs**
 - Customer (and competitor) **testimonials**
 - Survey **evidence**, focus groups
- Always **lead analysis with facts & figures...**
- ...then make sure to clearly explain their **implications for your business**



Competition Analysis

- **Never belittle the competition**
- **What is the worst possible statement about competition?**
- **“There is **no competition**”**

- **Second worst possible statement:**
“Criticize** competition for their **strength**”**

- **Explain dimensions of competition**
 - Assess **strength** and **weakness**
 - Describe your **competitive strategy**



Competition Analysis

- Consider **Actual** competition
 - Never **hide** what you know
- Consider **Potential** competition
 - Vertical entry
 - Horizontal entry
 - Related industry entry
 - Other entrepreneurs



- **Statement of Business Model**
 - Discuss basic business **logic**
 - Define **scope** of business
 - Discuss revenue model
 - Discuss **Long-Term Goals**
- **Competitive Positioning**
 - The four P's
- **Competitive Advantages**
 - Justify “**first-mover advantage**”
 - Don't underestimate “**soft**” advantages
 - > **Relationships**
 - > **Access to channels of distribution**



Implementation Plan

- **Marketing and Sales**

- What **channels**? What **sales force**? Etc.
- What **advertising**? What **image**? Etc.

- **Operations**

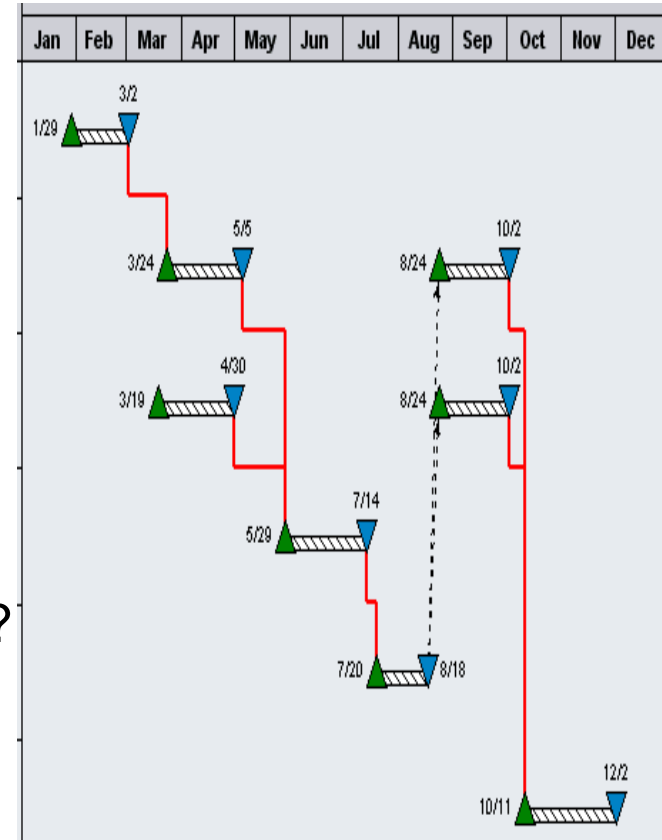
- **How** do you plan to **build the organization**?
- What **resources** do you need?

- **Employment / HR**

- What kind of **employees**? **Corporate culture**?
- What **compensation** structures?

- **Milestones**

- What are our **concrete targets**? **When** do you **plan to get there**?



Risk Section

- **Why** should I disclose my **risks**?
- **You choose:**
 - Either you identify and frame risks yourself...
 - ...**or other people will do that for you!**
- **Candidly identify all major risks**
- Explain **mitigation** strategy
- **Level of detail?**
- Show **awareness**, not **paranoia**
- Risk section ≠ legal risk disclosure



Financials

- Clearly present **highlights** of financials
 - Key assumptions, revenues, earnings, margins, funding needs, exit strategy..depends on business
- Need **Cash Flow Statement** for **funding requirement**
- **Frequency** depends on type of business
- Most investors want **5-year projections**
- **Broad-brush**: first 2 years quarterly, then yearly
- **Fine-comb**: first 2 years monthly, then quarterly
- Many other variations... you can't win



Nonprofit Business Planning

- **Business Plan** answers following questions:
 - **What** are we trying to achieve?
 - **Who** will get us there?
 - **When**?
 - **How** much money and other resources will it take?
 - **Risks** – What if all does not go to plan? E.g. Government cuts funding





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- **Sample Plan**
- **Note Sections**
- https://www.bridgespan.org/bridgespan/images/articles/aspire-public-schools-sample-business-plan/Aspire-Business-Plan_1.pdf

Becoming More Strategic

- Various **methods** to help:
- **Know**: Observe and Seek Trends
- **Think**: Ask Tough Questions
- **Speak**: Sound Strategic
- **Act**: Make time for Thinking & Embrace Conflict



When we change our daily lives - the way we think, speak and act - we change the world.

— *Nhat Hanh* —

Know: Observe Trends

- Need **solid understanding** of industry context, trends and business drivers
- Make it routine to **explore and synthesize trends** – e.g. paying attention to issues that get raised repeatedly
- **Proactive** in **building** and **connecting** network

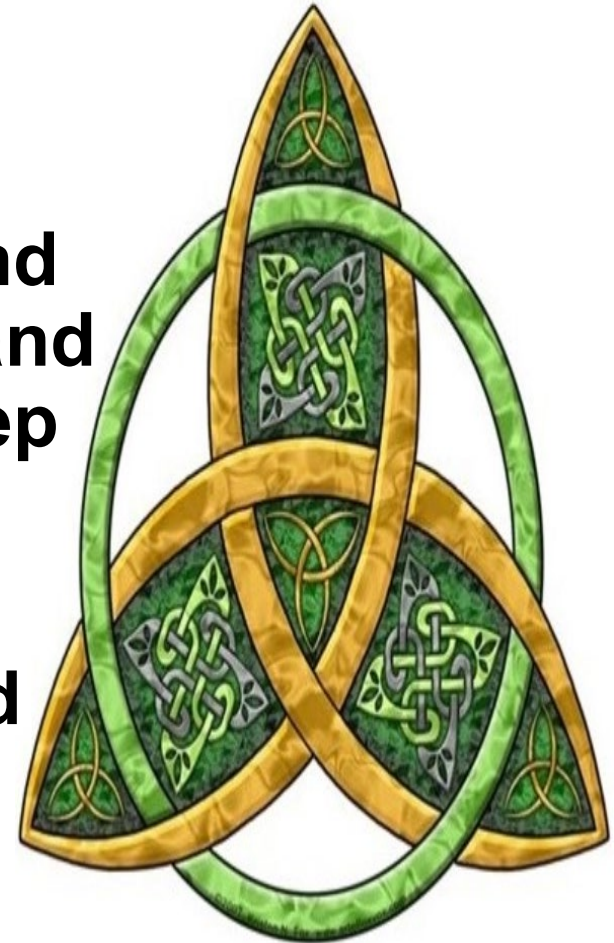


Think: Ask Tough Questions



- Become **curious** – **Monkey Story**
- What **defines** success/failure in short-, medium- and long-term?
- Do outcomes **support** broader **goals** of organization?

- Know how to **prioritize** and sequence thoughts
- Add more **structure** to written and verbal communication – group and logically order main points – keep succinct – consider **power of 3**
- Practice **giving answers first** and **providing rationale** rather than building up to main point



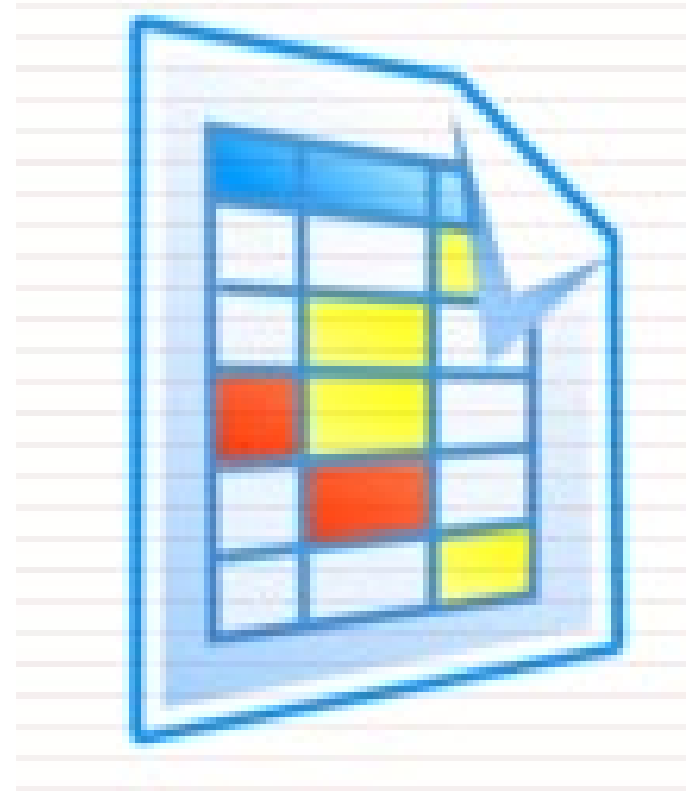
Act: Think & Embrace Conflict

- **Schedule time to actually think every week**
- **Consider where you spend most of your time**

| | URGENT | Not urgent |
|---------------|---|--|
| IMPORTANT | Crises / Deadlines Fire-Fighting Emergencies | Exercise Long-Term Planning Problem Prevention Relationship Building Personal Growth |
| Not important | Interruptions Distractions E-Mails Some Meetings Some Reports | Trivial Things Junk Mail Time Wasters Excessive TV |

Summary

- **Business Plans**
communicate your idea to a **variety of stakeholders** and help turn an **idea into reality**
- Several **frameworks** can be used to illustrate
- Consider ways to **think** and **behave** more strategically



Questions?

