The Quick Start Guide to Goal Planning and Tracking

aligntoday.com

align

Table of Contents

Introduction

> **The best-laid plans o' mice an' men Gang aft agley**
>
> (The best laid plans of mice and men go oft awry) – Robert Burns

What does your business look like at the end of this year? At the end of next year? 2025? 2030?

For most leaders this question may elicit a vague response or overwhelming confusion. With the emergence of new technologies and increasingly competitive market dynamics, projecting business trajectory during the coming decade is more difficult than ever.

Navigating the future of your business a decade out is like plotting a path through uncharted territory. It may be possible to predict what that place looks like based on your current terrain, but creating an accurate rendering requires knowing which direction you're headed and continuously reassessing as you go along.

In their quest to plot a path to the Pacific Ocean, Lewis and Clark began with a tremendous goal but constantly evaluated the best way forward in the short term, never losing sight of how their short-term progress contributed to their larger goal.

In 2012 Align was born out of the need to simplify the execution of strategic plans and goal tracking. Since then, we have been the tool of choice for executives and business coaches to develop, implement, and execute strategic plans. Along the way we've learned a lot about what connects business planning with success.

Over ten years of working with thousands of executives, the top question we hear is, "Alright, so how do I roll out goal management to my teams?"

The best practices we've seen represent a radical shift from the classic image of executives setting strategy three to five years out and revisiting plans annually or less to those who plan and track progress on a more systematic regular basis.

Like science, creating a culture of goal planning and tracking necessitates iteration, accurate data, persistence, and measurement.

This guide helps you jump start a culture of transparency and accountability for your business through the use of goal planning and tracking. As you develop this culture around execution planning, you align your entire organization. With everyone moving in the same direction, the strategic thinking needed to plan the long-term future of your business is much more effective.

What's a plan without action?

Too many plans remain only plans and never get put into action. The missing step is breaking up a plan or the big picture into smaller goals.

Planning Around a Quarter

The Sweet Spot of Goal Planning

Why a quarter? Just like in Goldilocks – finding something that is just right is essential. The fiscal quarter is not too small to measure, track, and get things done, but it is also not so big that you lose the ability to better make adjustments to take advantage of market opportunities.

•••

Choosing the Right Goals

Selecting goals that don't make sense or are too easy to reach will ultimately hurt your chances of success. In fact, in a study conducted by Fierce, Inc. showed 97% of employees and managers believe that misalignment within teams directly impacted the results of a given project and a larger goal.

Assessing your organizational structure

Start by considering how rallied behind your strategy your team might be based on the following:

- **Does the team know the purpose of the company?**
- **Does every person at the company have a clear understanding of what they are accountable for?**
- **Do they feel a sense of responsibility to see it to completion?**
- **Are the people who need to work together to achieve success able to do so?**

In our alignment checklist, the first habits center on executive and full team alignment. They start by surveying your team. Do they participate in ongoing executive education? The executive team is the foundational piece in improving strategy-first alignment. Does the executive team understand each other's needs and processes? Do they meet for weekly strategic brainstorms? Do they participate in ongoing executive education? The executive team is responsible for a better, up-to-date organizational structure and goal setting.

The next important predictor of success is the alignment of the whole team behind the company's most critical strategic priority. As we mentioned earlier, when organizations scale they often get more complex, and team goals begin to splinter. Make sure that everyone is aligned behind a #1 priority: The one thing that needs to happen and what their part is in that conquest.

> **What gets measured gets managed**
>
> Peter Drucker, Management Expert

Continuously tracking progress towards these goals with accurate data is necessary to confirm you have structured the team for success.

Ahead of every quarterly strategic planning and goal setting session, our team uses the alignment checklist linked below, popularized by Verne Harnish's book Rockefeller Habits and updated in the book Scaling Up, as a diagnostic for our company alignment. It helps us see how we progressed last quarter and identify areas we should focus on or address for the coming quarter. This is an excellent tool for everyone on the team – not just upper management – to gauge how aligned they feel the company is. It highlights potential areas of concern and recognized things we are doing particularly well. We average the scores of each person in the company to get data points around our alignment – it takes the anecdotal nature of alignment out of the picture.

As you go through the assessment, read each statement and rate your company on a scale of 1-10 to determine areas of strength and those that need improvement when it comes to key functions of the business – Communication, Execution, and Planning. You can also print out the checklist and share it with your team [here.](#)

Continue with the items below. Rank how you feel your company performs on a scale of 1-10 for each of the statements below. The bullet points for each statement give context to evaluate your rating. Average your score and share with your team to open the conversation around alignment.

Rank

6. Reporting and analysis of Customer Feedback data is as frequent and accurate as financial data.
- All employees are involved in collecting customer data
- A mid-management team is accountable for the process of closing the loop on all customer feedback
- The insights from customer conversations are shared at the weekly executive team meeting

/ 10 =

Rank Total

Are you as aligned as you think?

align

Alignment is a crucial indicator of how well your company is organized and positioned to meet its quarterly and annual goals. There's no one size fits all solution to scaling successfully, but executives at the most effective organizations prioritize alignment as step one to getting there.

The list below gives you a quick diagnostic tool to gauge alignment in your company. Rank how you feel your company performs on a scale of 1-10 for each of the statements below. The bullet points for each statement give context to evaluate your rating. Average your score and share with your team to open the conversation around alignment.

Rank

1. The executive team is healthy and aligned.
- Team members understand each other's differences, priorities, and styles
- The team meets frequently (weekly is best) for strategic thinking
- The team participates in ongoing executive education (monthly recommended)
- The team is able to engage in constructive debates and all members feel comfortable participating

2. Everyone is aligned with the #1 thing that needs to be accomplished this quarter to move the company forward.
- The Critical Number, or leading indicator of success, is identified to move the company ahead this quarter
- 3-5 Priorities that support the Critical Number are identified and ranked for the quarter
- The Critical Number is posted throughout the company and employees are aware of the progress each week

3. Communication rhythm is established and information moves through organization accurately and quickly.
- All employees participate in a daily huddle that lasts less than 15 minutes
- All teams have a weekly meeting
- The executive and middle managers meet for a day of learning & resolving big issues each month

4. Every facet of the organization has a person assigned with accountability for ensuring goals are met.
- The exec team evaluates an accountability chart to ensure the right people are in the right roles to meet company goals
- Financial statements have a person assigned to each line item
- 4-9 key processes that drive the business are identified with KPIs and someone is accountable for each

5. Ongoing employee input is collected to identify obstacles and opportunities.
- Employee input about obstacles and opportunities is being collected weekly
- A mid-management team is accountable for the process of closing the loop on all obstacles and opportunities
- The insights from employee conversations are shared at the weekly executive team meeting

The Company North Star

Choosing a Big Hairy Audacious Goal

What's a BHAG? BHAG refers to a Big Hairy Audacious Goal, a term coined by business consultant Jim Collins and organizational theorist Jerry Porras in their 1994 book Success Built to Last: Creating A Life That Matters.

When Jim Collins first discussed what to call a company's ambitious long-term goal with his coauthor Jerry Porras, Porras recommended naming it something professional-sounding like "corporate mission."

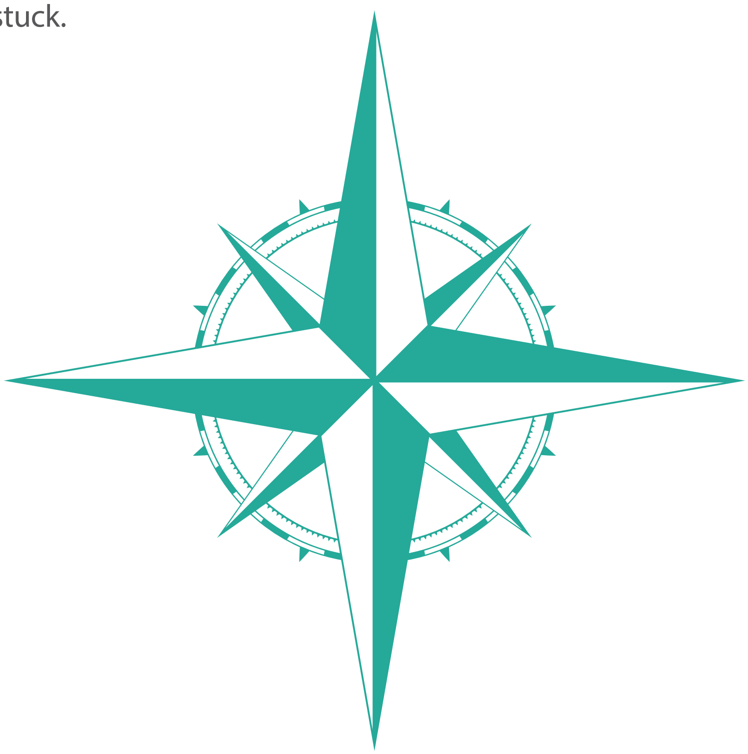
Collins, on the other hand, wanted a term that captured the excitement, ambition, and motivation that such a vision could create in an organization.

He came up with Big Hairy Audacious Goal, and the term BHAG stuck.

Why should this matter to you? Company leaders across the world claim that choosing the right BHAG, a goal your company should strive for 10-25 years in the future, is immensely important. If you identify your BHAG early on in your planning process, you can set your company up for lasting success down-the-line.

Scaling Up author Verne Harnish suggests that the BHAG may be your company's most important long-term decision, driving your day-to-day business and main overall priorities.

So how should you go about identifying the right BHAG for your company?



Align With Your Company's Purpose

Your BHAG needs to align with your overall company strategy. Consider your core values and purpose before identifying your BHAG. Your BHAG should serve as a unifying force for your employees, so it must align with your overall strategy and mission.

Jim Collins often shares the example of Sony to illustrate a BHAG that directly corresponded to the company's core purpose. Sony's core purpose in the 20th Century was "to experience the joy of advancing and applying technology for the benefit of the public." Aligned with this purpose, Sony developed the following BHAG in 1950: to become the company most known for changing the worldwide poor-quality image of Japanese products.

See how the purpose and BHAG directly correlate? Make sure to identify a BHAG that aligns with your overall vision moving forward.

Develop a BHAG You Can Visualize

A BHAG should be lofty but realistic. It's important that your team can visualize achieving the goal, even though it's far in the future. It should be tangible and highly focused.

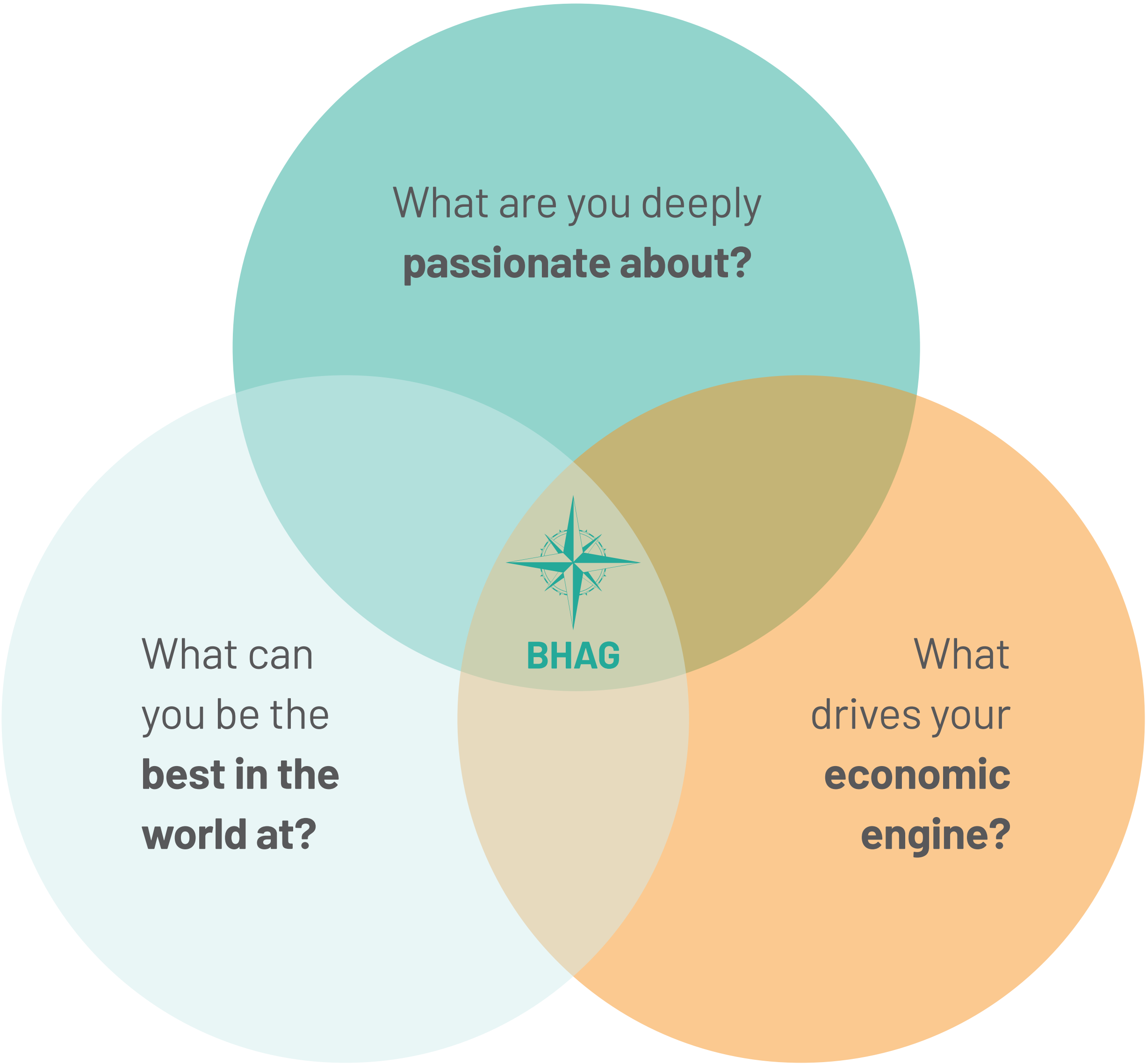
However, a BHAG that's too easily in reach won't inspire your employees. A BHAG needs to be a motivating force, driving engagement, and challenging your team to perform above-and-beyond.

A BHAG that's too easy to accomplish will drive your company into complacency. Collins **recommends a BHAG with a 50-70% chance of success.** Although that might seem like a low percentage, Collins reiterates that the BHAG should act as a "mountain to climb," stimulating progress and empowering your team to strive for the best.

Microsoft's early BHAG: "a computer on every desk,: and in every home." In the early 1980s, this goal seemed extremely ambitious, since few people even had computers at their workplaces, let alone at home. Yet, the BHAG was highly visual. Its specificity helped the Microsoft team imagine their desired outcome. Microsoft didn't know exactly how they would accomplish their goal, but they used it as a driving force, impacting their business decisions.

By the end of the 20th Century, nearly all office workers had a computer on their desk and most homes in the developed world did have computers, demonstrating that a BHAG, which seems insurmountable, can in fact be reached, As illustrated in the graphic below, a BHAG arises from the intersection of:

- **What can your organization be the best in the world at?**
- **What are you deeply passionate about?**
- **What drives your economic engine?**



From there, a BHAG can emerge as a vision of what achieving that purpose looks like.

At Align, our core purpose is "Aligning companies and their people on their journey to success."

We measure this with the amount of business priorities companies using our product accomplish. We want to be the best software for helping companies achieve their goals, we are deeply passionate about succeeding alongside our users, and we know their success will drive our business as well.

To cover the overlap of these three areas, we developed our ambitious BHAG: "One Billion Strategic Priorities Completed!"

Choosing a Planning Structure

Structure makes implementing processes much easier. Three of the most popular business methodologies: Rockefeller Habits or Scaling Up, Entrepreneurial Operating System (EOS), and Objectives and Key Results (OKRs) provide frameworks for your goal planning and execution. Here is a breakdown to help you understand the similiarties and differences.

While all three derive from Peter Drucker's management by objectives (in turn based on the hugely influential management theory of Mary Parker Follet), they offer differing levels of complexity that present advantages and disadvantages depending on the organization implementing them.

SCALING UP
A GAZELLES COMPANY

The Rockefeller Habits and Scaling Up

Origin: The Rockefeller Habits or Scaling Up, as introduced by Verne Harnish, founder of Entrepreneur's Organization (EO), in his books Mastering the Rockefeller Habits and Scaling Up, is a holistic strategic planning and business management methodology that guides businesses in the areas of people, cash, strategic planning, and execution. The principles are based in part on the historic example of John D. Rockefeller's Standard Oil and have been adopted by over 70,000 scaling firms like AmRest and Rackspace.

Summary: The Scaling Up methodology is anchored by the implementation of a daily huddle to improve communication. Scaling Up also includes tools for the development of a strategic vision and core values. Scaling Up is best known for execution. The execution framework for Scaling Up is built around a cycle of quarterly goal planning and tracking using Priorities (Goals) and KPIs (Key Performance Indicators). The quarterly cycle allows you to break up your long-term goals into achievable priorities that build toward your big goals over time. Scaling Up has a strong emphasis on the high-level strategic plan, central of which is a "One-Page Strategic Plan" using Harnish's 7 Strata of Strategy framework. The methodology also includes tools for assessing cash management and team alignment.

Who's it for: Businesses of all ages and sizes use Scaling Up. But the system is most valuable for organizations looking to manage or spur growth through change management. The system can help leaders fully rethink their organization's purpose, all the way from the highest-level strategy to the day-to-day cash management and meeting rhythm. Like any habits, they take time to adopt but can be rolled out selectively over time. Given the depth of focus on strategy and cash, Scaling Up is especially effective for fast-growing businesses in the $5 to $100 million in revenue category.

Bottom line: Scaling Up is the most comprehensive of the systems described here. Each chapter of Scaling Up could be a stand alone book. The components can be rolled out over time, though implementers benefit most quickly from the methodology's ability to connect strategy with execution. The depth and focus of Scaling Up are especially helpful for organizations seeking a holistic transformation that powers growth.

EOS

Origin: Entrepreneurial Operating System was developed by Gino Wickman in his book Traction: Get a Grip on Your Business. Gino was a disciple of Verne Harnish and founding member of Detroit's EO chapter, an organization created by Harnish. As a result, EOS contains many similarities to Scaling Up but with some simplification.

Summary: EOS reduces Scaling Up to its people and execution components. Like Scaling Up, EOS utilizes Stephen Covey's "Rocks", a constrained set of goals that must be accomplished in the quarter. EOS focuses on weekly "Level 10 Meetings" with the leadership team, designed to identify, discuss, and solve problems.

Who's it for: While EOS is also used across industries, its simplified tools make it appealing to the lower end of the SME market. The entire EOS system can be implemented in one quarterly session. In contrast, adopting all components of the more comprehensive Scaling Up methodology requires a commitment over a more extended period.

The Bottom Line: The critical components of EOS are virtually identical to what can be found in the other systems described. The Level 10 meeting provides a practical and detailed structure for solving problems as a leadership team. EOS's most valuable and unique tools can easily be combined with methodologies like Scaling Up or OKRs to help the leadership team.

OKRs

Origin: Introduced by Andy Grove in High Output Management and recently popularized by John Doerr in Measure What Matters, OKRs have helped companies like Intel and Google manage goals.

Summary: Objectives are the "What" is to be achieved. Key Results are the "HOW" the objective will be achieved. Key Results are typically specific and measurable. Key results typically encompass Key Performance Indicators (KPIs), by defining quantitative targets.

Who's it for: Because OKRs are the simplest and most flexible framework, it is widely adopted and referenced. It can work for both personal and company goals. OKRs are easily adopted within the broader frameworks described above.

Bottom Line: OKRs focus exclusively on execution and provide just one tool for leaders. While this is fine for organizations focused solely on execution, many businesses may desire a more complete system for connecting objectives to greater vision and day to day operations.

EOS vs. Scaling UP vs. OKRs Glossary

Scaling Up	EOS	OKRs	Description
One Page Strategic Plan	The Vision/ Traction Organizer		Central document containing strategic vision for company.
Rocks (Priorities)	Rocks	Objectives & Key Results	3-7 Top things you need to accomplish in a quarter to move the business forward
Critical Numbers	Scorecard	KPIs	Leading indicators for how your business is executing on key objectives
Daily Huddles, Weekly Team Meeting, monthly management meetings, quarterly planning	Level 10 Meeting		Suggested meeting rhythm and structure
Rockefeller Checklist	Organizational Check-Up		Self-assessment for how well your business is operating.

Scaling Up	EOS	OKRs	Description
Core Values	Core Values		5-10 guiding principles for your company.
Functional Accountability Chart	The Accountability Chart		Tool to ensure the right people are responsible for the right functions
Process Accountability Chart (PACE)	The 3-Step Process Documenter		Tool to ensure every process is assigned to an owner
DISC Personality Assessment	KOLBE		Preferred personality assessment
Scaling Up Scoreboard Software (powered by Align)	Traction Tools		Associated software

The Final Word on Methodology

As is probably clear from the above chart, all of these frameworks boil down to the same basic tasks: developing a plan and aligning a team to specific, measurable, and time-bound goals. The experience of hundreds of thousands of firms all around the world, as well as proprietary Align data, proves the effectiveness of using a reliable system of goal setting and tracking.

Scaling Up and EOS provide the added benefit of more in-depth tools to help businesses think through developing strategy and connect it to day-to-day operations. The systems can also easily be combined, depending on needs. Scaling Up's Daily Huddles can be used alongside EOS Level 10 weekly leadership meetings, for instance. Ultimately, the decision of which methodology will work best depends on the level of detail and breadth of scope desired by the leadership team. Since many teams adopt more complex methodologies as they grow, Align works across all goal-management frameworks.

Choose **SMART** or FAST Goals

For years, major industry players like Microsoft, Google, and Intel have been using SMART Goals and frameworks like OKRs to disrupt the status quo in their organization and drive significant growth.

SMART Goals are Specific, Measurable, Achievable, Realistic, and Time-Bound. Let's break down what that means.

Specific:

Well-written goals should answer the main questions of "Who?" "What?" and "How?" This means the goal explains who is responsible, what needs to be achieved, and how it will be accomplished.

Measurable:

A good goal should include some measure of success to enable you to track your progress and know when you've achieved it. Defining a quantifiable measure of success provides clarity to your goal (We'll discuss how to choose a target for your goal in the next section.)

Achievable:

Setting a goal that other responsibilities will prevent you from accomplishing sets you up for failure. Be realistic but aggressive when determining what can be accomplished with the time, energy, and focus you have available for this goal.

Relevant:

Any goal should be relevant to achieving your targets and the bigger vision you have for your organization and yourself. A goal that isn't important to overcoming the hurdles between today and your desired future won't keep you motivated or move your company forward.

Time-Bound:

All well-written goals have a deadline for achieving them. Whether you're planning on a monthly, quarterly, or annual basis, tracking goals against a due date provides a sense of urgency and allows you to understand whether they are sufficiently aggressive.

Choose SMART or **FAST** Goals

Complimentary to the well-worn concept of SMART goals, we also recommend creating your goals with FAST, a newer paradigm, in mind. FAST goals are Frequently discussed, Ambitious, Specific, and Transparent. While some of this overlaps with SMART, we'll break down the differences below and how they work in tandem to motivate your execution.

Frequently Discussed:

Setting a specific cadence for reviewing progress, prioritizing associated work, and allocating necessary resources is critical for keeping goals on track. At Align, we give updates on quarterly goals daily and discuss them with functional teams on a bi-weekly cadence. Specific discussion rhythm depends on your time frame but should allow for a maximal focus on what matters most and timely course corrections if goals go off track.

Ambitious:

In addition to being "achievable," your goals should provide enough difficulty to boost performance and minimize the risk of teams relaxing if the goal appears easily obtainable. Setting goals that require extra effort incentivizes innovation and creative thinking as priority owners figure out how to elevate performance.

Specific:

This is a repeat of the first component of a SMART goal, but when combined with FAST creates greater emphasis on flexibility. When the goal is written sufficiently specific, it is easier to identify where progress is falling short and to adjust course quickly.

Transparent:

This is the final and potentially most important component of writing a goal that will push success. Providing transparency into goal creation and tracking creates motivation through accountability. Priority owners can understand how their work supports broader company goals and also understand how efforts are combined. It also allows for easier identification of duplicate efforts or efforts that don't contribute to your broader strategy. Transparently tracking goals also allows for greater collaboration when identifying issues and course correcting.

How Aggressive Should My Goals Be?

"

People tend to overestimate what can be done in one year and to underestimate what can be done in five or ten years.

Bill Gates

"

We recommend quarterly planning because this allows relatively confident predictive power. According to Verne Harnish, anything between one quarter and five years is a wild guess!

The most challenging part of writing a great goal is balancing achievability and ambitiousness. One great way to do this is by defining the success criteria, but also including a stretch goal. We categorize these by a color system for instant visibility on progress, but there are many ways to do so. Our priority color system includes:

- **Red:** This represents an unacceptable failure. This is the minimum level that you would accept before there would be consequences. If your goal is to 2X some metric, Red could be 1.25X. This would constitute quarterly performance that puts achieving annual targets out of reach.
- **Yellow:** This represents performance between the ceiling of your red and the floor of your green. Yellow alerts you that a goal is off target before you hit failure.
- **Green:** This is the color of accomplishing your goal.
- **Dark Green (Super Green):** This represents your stretch goal, what it would mean to go above-and-beyond what was expected. This should come with added celebration if accomplished.

Creating your measurable result for a green target should be based on the level of success needed this quarter to help you achieve your annual target. In turn, you should base your annual targets on what you need to accomplish to meet your desired growth trajectory, while also considering how companies in similar industries grew their business. Avoid putting yourself in an echo chamber. Use outside and inside data to ensure you don't under or overproject.

When you break it down, the concept is based on simple business practices: identify where you want to be (objectives) and set the plan for how you will get there (key results) – and make the process continuous. Teams shouldn't be reviewing progress at the start and end of each period – performance needs to be managed daily, weekly, and monthly.

> **It's a continuous approach to goal management that shifts company culture.**

What Kind of ROI Can You Expect from Goal Management?

We break down the performance or ROI of goal management and some action items to consider when rolling out this type of framework.

SMART or FAST goals equip you with data points, making it simple to evaluate the return on investment. For example, Sears Holding Company released its performance metrics after they rolled out OKRs to 20,000 associates. Within 18 months, they saw:

- **8.5% increase in hourly sales**
- **Teams with consistent use of OKRs were 11.5% more likely to move into a higher performance bracket.**

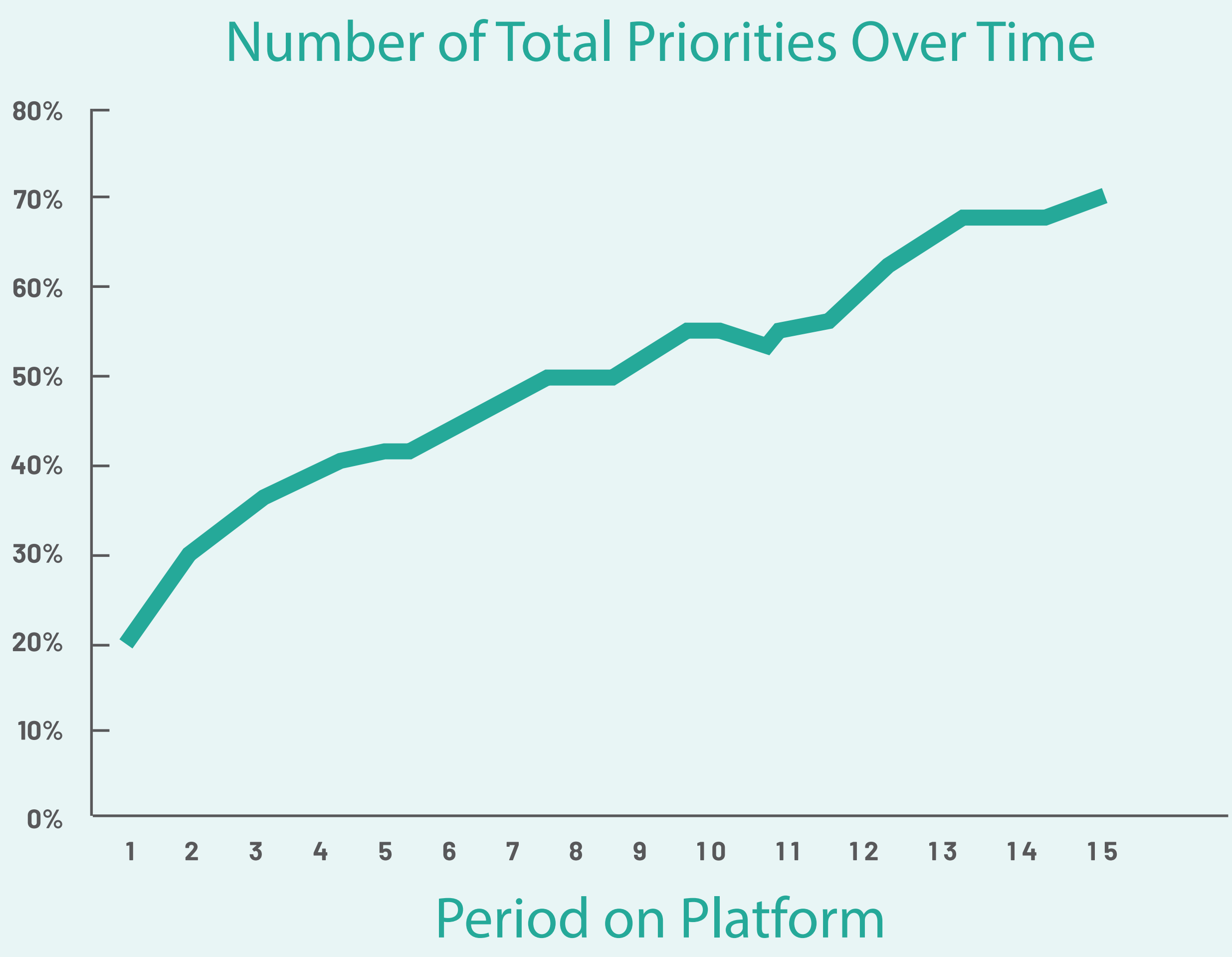
There was a clear, tangible impact on both individual employee performance and the organization's bottom line. Rolling out a new framework at an enterprise organization seems like a significant undertaking, but they were able to implement the methodology without adding substantial time to employee's workflows.

> **If you knew there was a tool out there that takes just a few hours each year to use, and could increase your chances of high performance by 11.5%, wouldn't you at least try it?**
>
> Chris Mason, Sr Director, Strategic Talent Solutions

The Sears example isn't necessarily the benchmark for goal management ROI, but it is an indicator of the positive cultural and financial impact on the organization. Using a goal management system is part of a larger cultural approach to performance management and a culture based on accountability.

The benefits of goal setting upon company culture should not be undervalued – these trickle down and ultimately become needle movers for the business. We evaluated some additional stats around workplace benefits teams can expect when adopting a goal management framework like Scaling Up or OKRs:

> **3.5x increase in productivity** – we looked at company data on Align, and after four planning periods (typically 12 months) of consistent usage of a goal management system, companies doubled the priorities completed per period. After 15 planning periods of adopting the system, priority completion increased 3.5 times from the first period.



based on Align performance data of 1,900 companies from 2014-2018

Fred Litwiniuk of Litwiniuk & Company, Alberta's leading personal injury law firm, learned early with Align that there is nothing more important to a company's success than people and culture.

Fred says "If you get culture and people right then you can do anything." And he also learned that the two go hand-in-hand. "Align is all about clear accountability. But not everyone wants that level of accountability. Some people prefer to hide from this kind of clarity, not willing to accept the pressure of responsibility that can come with it. They'd rather blend in. But Align makes that so much more difficult, and — in that way — it became a way for us to assess fit."

Fred said that if people had the inclination to "run and hide" from the increased accountability, then they'd often leave the company because the culture the firm wanted wasn't right for them. That turned out to be great, because it opened up space for the kind of people who would thrive in their new culture.

"We've seen time and time again that great people love a challenge. They want to know what the challenge is, they want the freedom to go and tackle that challenge, and they crave accountability while they do it. They want measurables and they want dominos to knock down on their way to the larger goal. That's why great people love Align."

As the employees who were attracted to the kind of culture Litwiniuk & Company wanted thrived, the culture moved farther in that direction. And the more the culture moved toward one of transparent accountability, the better the team got.

"It wasn't long before we found ourselves with a team able to execute at a very high level," Fred remembered. "And that's when we were able to accomplish some pretty amazing things."

Increased engagement – companies that huddle/meet (daily and/or weekly) have 5% higher eNPS scores (a metric to measure employee engagement and satisfaction) compared to those that don't. While huddling isn't a key component of the OKR methodology, it does facilitate communications and focus around the metrics that matter. You're giving everyone on your team a voice to share their updates, opportunities, and risks. Engagement is a metric that affects the company's bottom line and can signal potential problems for an organization. A 2018 Gallup study reported employee engagement is at an all-time high, but about 53% of employees still fall in the "not engaged" category. Gallup also found that increasing employee engagement can contribute to higher productivity, increased retention rates, and a 21% increase in profitability.

Seeing ROI from these systems is not something that happens overnight. And it's not something everyone on the team will embrace with open arms right away. These methodologies are proven. It's not simply something people feel will work based on anecdotal comments. There is actual data and metrics supporting the adoption of a more formalized goal management system. To encourage teams to stick with it, you have to keep the catalyst for adopting goal management at the forefront. When your team buys in and commits to the change, you'll begin to see results within the first few months. The results will compound after a year and so on.

Ultimately, companies should consider the opportunity cost of not implementing this type of system. The traditional approach to goals and performance management is outdated, costly, and creates a lot of wasted time. How much more could you be achieving if you had a formalized system in place?

Gootee Construction was having success — never short of clients — but CEO Ben Gootee knew he would have to improve internally if his company was to continue to scale.

"Before Align, we were setting goals, but they just didn't have any meat to them. No real teeth." Meaning they weren't specific and measurable. "But having it written down for the entire team to see and share really invigorated members to action. Then — when you can see that progress on a visual display — it kind of forces you to do the things you say you're going to do or everyone knows you didn't do it."

For Ben, perhaps the most important piece was that it gave him an eagle-eye view of his company. He could see where progress was taking place — as well as where progress was being held up — in a way he had never been able to before. Ben believed the best leaders acted as a coach for their company. Now he was able to more effectively be that for Gootee.

"Before Align, people knew generally what they needed to be doing," he said. "But these accountability tools are what gave us that extra 20% to really move us forward."

To recap, hare are the six essential elements of strategic goal setting:

1

Start with your BHAG (Big Hairy Audacious Goal).

For Microsoft, it was a computer on every desk and in every home. It sounded crazy at the time. But it sets the long-term vision for the organization that decisions and objectives should be based on. It should be a unifying force for your employees that aligns with your company's mission and values. And remember to think long term – where do you want to be 10+ years from now?

2

Embrace transparency.

Goal setting and company performance are not exclusive to the C-Suite. Every individual needs to know where the company is heading, how it's going to get there, and how they fit. Involve individuals in their own goal setting, monitoring, and management. This instills a sense of shared ownership in the company's success.

3

Don't set goals that can't be measured.

Don't set goals that are too safe. If you set goals you know you'll achieve, you're underutilizing your team. Goals should be ambitious, and all goals need a quantifiable metric assigned to them. Measurement means quantifying the goal with a unit of measurement as well as making it time-bound. This gives you the data you need to continuously monitor progress, see what works, what didn't, rinse and repeat.

4

Identify your leading indicators, or the metrics that matter most.

What are the 3-5 most important metrics that indicate success for the entire company for that period? It can be a sales target, revenue, website conversions, etc. You can have additional target metrics that you monitor, but you need to know the 3-5 most crucial and keep everyone focused on those.

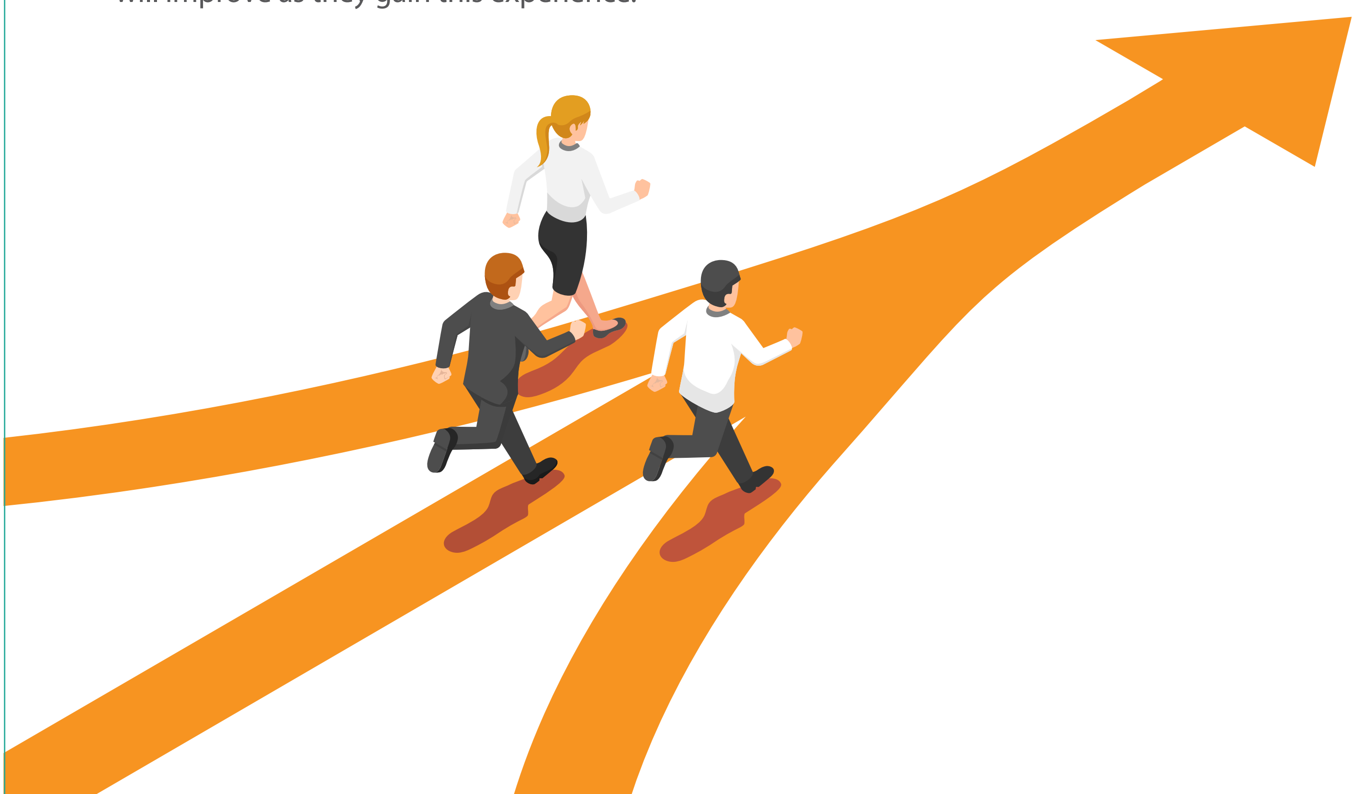
5 Cascade goals from the top down.

Going back to the BHAG – use that as a litmus test for defining organizational goals, consider how this goal will get you closer to that long-term vision. Set departmental or team goals that ladder up to the organization goals and individual goals that ladder up to those. There needs to be an evident link between individual, departmental, and organizational objectives.

6 Keep lines of communication open

Part of evaluating progress involves face-to-face conversations once you have performance data. Create daily, weekly, and monthly meeting cycles to raise red flags, identify opportunities, and keep teams focused on the key objectives and metrics you've outlined. It sounds like a lot of meetings, but productive shorter meetings more often save time and pointless email chains in the long run. One client shared with us that each member of their management team saves an average of 8 hours a week one year after implementing daily huddles into their rhythms. While most people strive for a daily rhythm, one former Boeing executive shared with us that they had refined their rhythm over time and found that rolling information from the bottom to the top of the organization twice a day or every 4 hours offered the best level of optimization.

In short, rolling out goal management systems like Scaling Up and OKRs have six key factors for success – long-term vision, transparency, measurement, more measurement (focus), alignment, and communication. And remember with each new round of goal-setting and tracking your team will improve as they gain this experience.



The Planning Theme: Fun Ways to Create Focus

Is everyone in your organization on the same page?

What seems like a straight-forward question gets to the heart of a complex and critical challenge for leaders: creating and maintaining a culture of alignment.

The problem appears to be widespread. Business writer Anne Loeher found, **"93% of employees don't really understand what their organization is trying to accomplish in order to align with their own work."**

To bring all these best practices together in a way that excites and motivates employees, executives should consider implementing a team-wide "Theme" each goal planning period.

The Power of the Quarterly Theme

While planning may produce many company goals, choosing a single theme gets to the heart of what it actually means to have a "priority." As Essentialism author Greg McKeown writes, "the word priority came into the English language in the 1400s. It was singular. It meant the very first or prior thing. It stayed singular for the next five hundred years."

Themes are not only an effective way to create this kind of singular focus but also a fun and engaging way to roll out strategic initiatives through an organization. The practice is widely used by sales teams, but also works well to get entire organizations moving towards accomplishing the quarter's top priority.

Business coach Robert Fish recommends five easy steps to develop a quarterly theme:

1. **Identify your #1 Thing for the quarter to serve as Theme Topic**
2. **Decide how to measure success on your #1 Thing**
3. **Turn your #1 Thing into a fun and engaging Theme (flex that creativity!)**
4. **Create a reward for accomplishing your goal (doesn't have to be monetary)**
5. **Communicate and roll out the theme to the whole company**

Choosing your Theme

To go along with this list of **127 themes**, we've chosen a few of our favorite themes from the Scaling Up archive to help leaders brainstorm themes that can get their organizations moving forward together.

1

Focal Point Coaching and Rocky Balboa

Focal Point Coaching was going through their third planning cycle, having only recently become fanatic about daily huddles. They chose the quarterly theme of "Rocky," as the franchise was rebooted in theaters, and leaders identified the movie with the competitive spirt that drove their organization. One of their goals was to gain public recognition for great franchise support. With the competitive spirit of "Rocky" driving them, Focal Point improved from 11th to 2nd in a ranking of North American franchises.

2

One Harvest and Operation Bonus

In the last quarter of a lackluster financial year, produce suppliers One Harvest were way behind their sales targets. Their quarterly theme of Operation Bonus tied hitting their target to a bonus. Employees placed pictures of what they would spend their bonus on if they achieved the goal on a wall right where they do huddle. People brought in pictures of vacations, cars, houses, and guitars! While not the most original theme name, the idea worked, and One Harvest beat their target by 2%.

3

Employment Group: Golden and Still Rockin' at 50

Employment Group workforce solutions has been around for 50 years. To keep their employees motivated and aligned, Employment Group huddles daily and chooses an annual theme. During the quarterly kick-off, they introduce the quarter's company priorities and quarterly bonuses if targets are met. In honor of the company's 50th anniversary, they chose "Still Rocking," and the executive lip-sync'd hits from the likes of Elvis and the Beach Boys.

Quarterly themes may not make sense in every organization. But especially for growing organizations, themes can be an extraordinarily effective method of keeping employees engaged and focused on executing the top priority.

The Planning Session

Best Practices for a Successful Day of Goal Planning

Planning sessions seem to evoke emotions of excitement and dread equally. The energy around making big plans and thinking about a prosperous future goes hand in hand with worries about agreeing on how to accomplish goals and the process to get to that agreement.

It is such a big topic that we brought in a prolific strategic planner, executive coach Jennifer Faught, for a webinar to help us out.

From her scores of strategic planning sessions as an entrepreneur and as a coach with Petra Coach, Jennifer has seen common practices of companies whose planning is focused and effective as well as practices of companies who fail to run efficient planning sessions.

For Jennifer, the process boils down to four key steps:

- **Reflect on current performance and positioning**
- **Understand targets and priorities the company could pursue**
- **Choose targets and priorities the organization will pursue**
- **Manage the plan to maintain focus and allow for flexibility**

Jennifer presented seven tips for an effective planning session.

1 Choose an Off-Site Location

Jennifer recommends getting out of the regular office and into an energizing space for planning sessions. This can increase creative thinking and reduce distractions. "When you're away from the office, you aren't going back to your desk and getting pulled into something," Jennifer says.

2 Set Ground Rules and Hold Everyone Accountable

Keeping your whole team focused during planning requires establishing and enforcing some ground rules around communication and process. Jennifer recommends phones and computers not be allowed in the planning room, save for one to take notes, or enter information directly into Align. Additionally, "The conversations in the room must be confidential," says Jenifer. "You can broadcast the plan and the outcomes, but don't disclose the discussion that got you there."

3

Keep The Energy Up

Jennifer recommends taking care to maintain energy and focus in the room during potentially long days of planning. Taking regular breaks for a stretch or breath of fresh air can keep people alert along with avoiding sugary snacks and drinking water. Keeping the energy up also means making sure the right people are in the room. “It should be a privilege to be in the team that is working on the business to make it better,” says Jennifer. “Any negativity or including people who don’t want to be there, will drag down the energy of everyone else and impact the output.”

4

Build Trust in the Room

Jennifer recommends starting sessions with ice breaker exercises to get people emotionally engaged in the day and to create an environment of trust. Vulnerability creates trust, and high trust teams perform better. “Establishing this trust will ensure your conversations and strategic planning discussions go better,” says Jennifer. For more information about building trust and creating a safe environment for honesty and vulnerability, Jennifer recommends checking out David Horsager’s The Trust Edge or Dr. Brené Brown’s Netflix Special.

5

Use an Agenda Focused on Outcomes

Jennifer suggests companies set goals around the things they want to achieve during the session. For instance, this typically is to determine quarterly priorities and enter them into goal-management software. “When you move into each section of the day, remind the team what the outcome is for that section,” says Jennifer. “For instance, for moving into the SWOT (strengths, weaknesses, opportunities, threats) analysis, the goal is to identify the one thing we could do in the next 90 days to move the business. It means focusing on planning, not solving.” Not getting into the weeds and staying focused on outcomes is key to keeping planning on focus and moving forward.

6

Make Sure Leadership is Aligned

The most common downfall of planning sessions, according to Jennifer, is when the executive team comes into the session without a unified vision for how to move the business forward. Aligning the company team becomes impossible when the executive team is splintered. Hosting a pre-planning session with a draft of company priorities creates a united executive team even before planning. While the output of preplanning can still be a draft, it serves to focus the executive team around what needs to be planned during the larger group session. Jennifer recommends Partick Lencioni’s The Five Dysfunctions of a Team for tips on how to build alignment in the executive team.

7

Push for Outcomes

Jennifer's final tip for leaders is to push for specific outcomes during planning sessions. Avoiding weakly worded strategic priorities that lack alignment and ownership helps ensure the team owns execution. Jennifer recommends consistently tracking and assigning ownership of tracking, using a software tool like Align. "If more than one person owns a priority, then nobody owns it," says Jennifer.

Power Goal-Planning with Technology for Tracking Real-Time Visibility

Blast from the Past

Executives set strategy in closed-door meetings. Plans were compiled and shared with management in large three-ring binders. Employees tracked metrics in Excel spreadsheets and shared them on floppy disks.

Flash forward to now, and for many businesses, not much has changed. The cloud has replaced floppy disks, but many businesses still rely on spreadsheets to manage their goal tracking. Still too often, strategic plans remain confined to big binders on the desks of company executives.

The Technological Future of Planning

In a world where technology is changing everything, why has planning remained a top-down activity largely stuck in the days of paper and spreadsheets?

For organizations looking to scale rapidly in the 2020s, the status-quo of the 1990s simply won't do. To achieve ambitious growth goals this decade, company strategy needs to be as dynamic and adaptable as technology is.

But how will strategic planning and execution change in the coming decade? Let's break down three critical ways technology is disrupting strategy and goal planning.

The world is moving faster, and business planning must adapt

---

1 Accelerated Communication

The advent of the Information Age means that both the speed at which we communicate information and the audience we are able to reach has increased exponentially. This presents a tremendous opportunity for businesses to improve their organizational alignment and agility by deploying the right technologies.

In his 2014 book, Exponential Organizations: Why new organizations are ten times better, faster, and cheaper than yours (and what to do about it), author and Silicon Valley thought-leader Salim Ismail presents a theory for what enables today's fastest-growing companies to scale so rapidly and disrupt existing industries.

As Salim describes, social technology, starting with email, dramatically enhanced the ability to communicate information across an organization. This technology can help businesses develop a culture of transparency and accountability that was impossible with the compartmentalized and static methods of yesterday's spreadsheets and binders.

Ismail quotes social business expert Theo Priestly who said, "Transparency is the new currency. Trust is the bill we'll just be paying for." Based on this new paradigm of better communication and visibility, Ismail cites Priestly's equation for social businesses, which applies equally well to the cultures of high performing companies in the future: **"Connection + Engagement + Trust + Transparency."**

Employees who understand how their work connects to their organization's goals will be better engaged and more responsive to changes. The trust and transparency provided by new communication technologies enables a business to scale processes and build alignment in ways that were impossible when plans lived in binders or confidential PowerPoints.

As Venture Capitalist Marc Andressen puts it, **"Communication is the basis for civilization and will be a catalyst and platform in the future for more innovations in many industries."**

The strategic planning technology of the future will make strategy a more agile process. Leaders will be able to more effectively communicate strategy to employees and increase engagement in its execution.

A future where organizations communicate openly about their goals is already here. And the technology driving this transparency is also driving greater success.

2 Goal Tracking and Visibility

The right technology can improve strategic execution by changing the goal setting and tracking process from static to dynamic. Instead of executives setting goals once and checking back in with monthly or quarterly reports, technology can enable continuous tracking on a more immediate basis.

The result is better execution. Align internal data based on over 235,000 priorities demonstrates that using technology to track your goals overtime leads to 3.5X more goals obtained.

Goal tracking technology outperforms spreadsheets because it speeds up feedback loops and motivates accountability. If a quarterly goal is lagging behind pacing, relying on spreadsheets may delay a team's ability to react and adjust course. The transparency of a goal-tracking tool, however, allows teams to quickly asses how they are progressing on key tasks and to adjust course accordingly.

> **Scientific results in neuroscience, gamification, and behavioral economics have shown the importance of both specificity and frequent feedback in driving behavioral change and, ultimately, having an impact. Specificity and rapid feedback cycles energize, motivate, and drive company morale and culture.**
>
> Salim Ismail

Dynamic goals require dynamic technology. In today's fast-moving world, confining goal tracking to spreadsheets severely hinders a team's ability to move FAST and achieve strategic goals.

3 Customizable Dashboards

In addition to improving communication and goal tracking, the right technology can improve a business's ability to monitor key metrics and leading indicators for their business. Similarly to the agility provided by continuous goal tracking, real-time company dashboards provide insights into company performance on the most important metrics for a business's success.

In his description of the Exponential Organization, Salim Ismail describes this critical tool: **"A real-time, adaptable dashboard with all essential company and employee metrics, accessible to everyone in the organization."**

This dashboard provides a level of transparency into company performance. That's simply impossible when metrics are tracked in spreadsheets. The visibility into performance ensures that what matters to the business is not only being measured but that measurement stays top-of-mind for all employees.

This dashboard, according to Ismail, means "insights and improvements are easier to see and implement."

While spreadsheets might still be useful for tracking all the different metrics a business monitors, only a real-time dashboard can create the focus and transparency needed to create an engaged and agile team. To cut through the clutter of every company metric, Doblin Group Founder Larry Keeley recommends, "You need to pick the right half dozen contextually for whatever it is you're trying to achieve strategically."

Keeping these key strategic metrics visible and updated requires new technology. While the shift to transparent and real-time monitoring is a drastic change from the world of spreadsheets and confidential presentations, these dashboards have already become a critical tool for fast-growing organizations.

The Future of Workplace Technology

Technology has already led to significant changes in the structure of our economy and society. It's leading to significant shifts in the way we work as well. A move toward remote work and agile processes has taken place at many innovative companies. A transformation of how businesses set strategy and scale up is growing more evident every day.

Spreadsheets and printouts don't just represent an outdated way of communicating and tracking performance; they represent a failure to adjust to a world where employee engagement and input are essential to achieving long-term goals.

New technologies are driving a transition away from waterfall-style leadership in matrix organizations to an organizational structure that prizes individual accountability and radical transparency.

This new workplace culture is key for high performing teams. Align's data shows that employees more likely to recommend their workplace to friends or family, also achieve more priorities. Employee engagement is not just about retention; it's critical to driving execution.

In the end, spreadsheets will likely remain integral in parts of business tracking for a long time. But the communication, goal tracking, and dashboarding tools available with new technology mean relying on spreadsheets alone for executing strategy will not be agile enough to remain competitive in the next decade.

As new tools and technologies emerge, the organizations that will grow in the 2020s will utilize new technology to build cultures of accountability and achievement. The world changes quickly, and so must the tools companies use to adapt to it.

Conclusion

Whether your organization chooses to practice Scaling Up, EOS, OKRs, or some creation of your own, our experience and the results of our clients show that the only successful plans are those that adjust quickly to take advantage of opportunities and pivot swiftly to respond to threats.

This change in strategic thinking mirrors Bayesian modeling, the emerging paradigm for the way statisticians develop models, and the ways many experts now believe we come to form opinions of the world.

As Nate Silver explains, “Under Bayes Theorem, no theory is perfect. Rather it is a work in progress, always subject to further refinement and testing.” This boils down to the simple formula, **Initial Beliefs + Recent Data = New and Improved Belief.**

This runs against the widely held belief in science and in business that knowledge requires objectivity and precision. Instead, Bayesian reasoning suggests that we can learn from partial data and even our own ignorance.

Like agile software development, this new type of problem-solving requires fast feedback loops to bring in new data. This produces solutions that evolve and improve as they advance, nearing, but never claiming to reach perfection.

The methodology outlined here prioritizes flexibility and reactivity over perfection of the plan. The result is an organization that is able to react quickly to take advantage of emerging opportunities and address emerging threats.

Just as developing a full strategic plan takes time and improves over each planning period, so does your team’s ability to plan and set the strategy. While the process takes time to master, the first step is to jump right in with goal planning and tracking. Use this guide as a starting point to build to your broader strategic plan.

We wish you and your team the best of luck in all your planning efforts!

Learn more about how Align manages goal planning and tracking.

Additional Resources

Downloads

- Scaling Up Growth Tools (One Page Strategic Plan): https://scalingup.com/growth-tools/
- Align's Data Behind Strategic Planning and Execution: https://aligntoday.com/new-approach-to-strategic-planning/
- Motivational Quotes for Strategic Planning by the Align Team
- Alignment Checklist: https://cdn2.hubspot.net/hubfs/5092641/offers/Align_Goal-Alignment_Checklist.pdf

Articles

- What You Must Do (and NEVER do) During Strategic Meetings by Verne Harnish
- With Goals, FAST Beats SMART by Donald and Charles Hull
- The Transformative Power of Vulnerability: Lessons from Dr. Brené Brown by the Align Team

Video Webinars

- Verne Harnish Keynote on Strategic Planning for Growth: https://www.youtube.com/watch?v=eVNCRJ4L0AY
- "How to Conduct a Successful Strategic Planning Session" with Jennifer Faught: https://www.youtube.com/watch?v=EaROsaElz78
- "How to Pick a SMART Quarterly Priority" with Herb Cogliano: https://www.youtube.com/watch?v=bNInG5HdfJM&list=PLZTdfS5ZrnBu8aUH24lkQT3OA87pJvwox
- "Defining Your Big Hairy Audacious Goal" with Glen Dall: https://www.youtube.com/watch?v=WB0awQrYt8o&list=PLZTdfS5ZrnBu8aUH24lkQT3OA87pJvwox&index=6

Additional Resources

Books

- Scaling Up: How a Few Companies Make It...and Why the Rest Don't (Rockefeller Habits 2.0) by Verne Harnish
- Mastering the Rockefeller Habits: What You Must Do to Increase the Value of Your Growing Firm by Verne Harnish
- Traction: Get a Grip on Your Business by Geno Wickman
- Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs by John Doer
- Built to Last: Successful Habits of Visionary Companies by Jim Collins and Jerry Porras
- The 4 Disciplines of Execution: Achieving Your Wildly Important Goals by Chris McChesney, Sean Covey, and Jim Huling
- The Balanced Scorecard: Translating Strategy into Action by Robert S. Kaplan and David P. Norton
- The Great Game of Business, Expanded and Updated: The Only Sensible Way to Run a Company by Jack Stack

aligntoday.com

align