

Planning and Performance Management

An Executive Briefing on The One Page Business Plan[®]

By Jim Horan

Strategic planning processes have changed little in the last thirty years. They remain too complex and ineffective. Many CEOs complain their planning processes take too long and are of little value. Why not implement a results-based system that links strategy, execution and accountability?

An Executive Briefing on The One Page Business Plan®



Planning and performance management processes... you either love them or hate them.

They are a beautiful thing when they create unified focus and alignment across your company. They can also be incredibly frustrating, consume a tremendous amount of time...and have little benefit!

In this executive briefing we would like to introduce you to The One Page Business Plan, what it is, how it works and why it may be useful to you and your company. We hope you find the techniques we have developed over the last eleven years and used with thousands of business owners and executives to be helpful. We have learned that the concepts of One Page Planning work equally well in large companies like Disney, Oracle, America Online and Morgan Stanley as they do with small to mid-market companies. The process also works incredibly well with non-profits, hospitals, school districts and government agencies.

Most of us have no shortage of good ideas! The issue is which ideas are we going to act on? Learn how to say no to "good ideas"...yours, and your employees'. You only have time, money and resources to execute against the "great ideas". The great ideas can be written on the back of an envelope. They are memorable! They catalyze people and businesses.

Planning doesn't need to be complex! Keep it simple!

Jim Horan
President
The One Page Business Plan Company

Frustrated with Planning...

The Harvard Business Review reported in January 2006 that only 11% of executives are highly satisfied that strategic planning is worth the effort.

Here are the common complaints we hear from executives and business owners about their planning processes:

It flat takes too long! We start earlier every year, and we can still barely get the process finished for our early December Board meeting. Our people work very hard on their plans, but in the end it seems like the document we produce is more like a dog and pony show for the Board than a plan that creates focus and alignment for us as a team.

We seem to know what our business is, but when we go to put it on paper...we end up with a bunch of garbledy-goop! There is no consistent format; everyone on the team takes a different approach to their plan. There is little integration of the plans between business units. When we come together as a team to review all the plans...we quickly get frustrated, the frustration leads to anger...and we give up!

We are a small entrepreneurial company with only three managers. We have tried on multiple occasions to create a comprehensive plan...but failed. The processes were just too complex for a company of our size!

We hired a strategic planning consultant to help us create a plan. It took six months, cost us \$50,000... and it sits on a shelf on my bookcase. We did the work, seemed like it had benefit, but we never refer to it. I'm not sure that we are really implementing it.

We wrote an excellent business plan...and raised an additional \$2 million! Do we use that plan to run the business...of course not! Will we write another business plan...not until we need to raise the next round of funding.

“You must simplify. You must make the complex simple, then you must make it work.”

—I.M. Pei, Master Architect

Our Observations...

Most executives and their direct reports look forward to the planning process. It is an opportunity to look at their business from a fresh perspective.

Those same executives can't wait for the process to be finished so that they can go back to meaningful work and focus their people on getting results.

Too many planning processes are too complex. The number of significant decisions that actually need to be made is limited.

It is very difficult to find the key issues and decisions in the 20 - 50 page plans.

Plans that are developed for funding are rarely used to run the company. Once the company is funded, the "exercise" is over...and it is business as usual. The plans sit safely on the President's bookshelf.

Too many of the plans presented to the Board of Directors are ceremonial. All too frequently these plans are rarely to run and manage the company.

Most executives are appalled at the ability of their key manager's ability to think strategically.

Writing is difficult for most people. It is much easier to talk about a plan than to write one.

Almost all executives and managers have plans...not all of them are in writing.

Finding a company where all of the plans are documented in a clear, concise and consistent format...is very rare.

In companies where written plans exist, it is rare to find direct linkage between the plans, budgets and executive incentive compensation.

Lots of companies have Scorecards... unfortunately by tracking everything, they don't focus on the key performance indicators that are critical to the company's success.

Everybody talks about the importance of linking Vision, Strategy and Execution. Few do it well! It is difficult.

Many CEOs report they get bored with the communication of the strategic plan, long before their workforce truly understand it... and embrace it.

Our Philosophy...Keep Your Plans Simple, Focus on Execution and Results

If your company is struggling with its planning process...it is highly likely you have made too big of a project out of it. Instead of documenting everything you know about your business and all of the decisions that have already been made...get focused on the issues and opportunities that have the potential to move your business forward.

A recent survey of executives (Harvard Business Review, January 2006) indicates that most executives report making approximately six major strategic decisions per year. Focus your planning efforts on making those six decisions. All of the rest of the decisions in your company will be much easier.

How do you simplify the planning process? Start with a quick assessment of what's working and not working in your company. We provided one in this booklet. Use the assessment to get focused on what needs to be addressed in the planning process. Also use the "Bend the Curve" exercise on page 9 to identify the key strategies that have the capability to dramatically increase sales, profitability and market share. The use of these two tools can help you and your team get focused and aligned on the issues that are critical to address in the planning process.

What's next? Draft your plan for the entire company...even if your management style is highly participative. Why? You need to get clear on where you want to take the company and how you see getting there. Some aspects of your vision, strategies, execution methods and goals will not be negotiable...most of it probably is. But you need to know where your boundaries are; your team will appreciate it. Let your team know where you want and need their participation. Your clarity is probably the most important aspect to making the planning process simple.

Once you have reviewed your draft with your team...they need to create the plans for their profit centers, business functions, departments, projects and programs which are in concert with the overall plan. We strongly believe every manager and team should write their own plan, in their words...and we believe one page is sufficient. Review and approve the plans as a team. Keep the entire process to four weeks or less.

The key to simplicity is focus! Keep your plans simple. Make the decisions that are critical. Monitor progress and results religiously.

What's Working in Your Company? What's Not?

Take the next five minutes and quickly assess your key business operations. Rate each of these business functions in your business on a scale of 1 to 10; 1 = disaster, 10 = brilliantly successful. Total your score – maximum score is 100. How did your business score? Now go back and assess why you gave each business unit the score you did. FTI = Failure to Implement, ½ ♥ = half heartily executed plan, External = external forces, for example, economy.

Have all of the members on your management team do the same assessment. Share the results. Is everybody viewing the business from the same perspective? Where do you agree? Disagree? A simple assessment like this can help to focus your next planning effort. Develop plans to fix the weaknesses, and to maintain the excellence!

	Significance Rating	1 2 3 4 5 6 7 8 9 10
1. New Customer/Client Acquisition		FTI ½ ♥ People Process Time \$\$ External
2. New Product Launch(s)		FTI ½ ♥ People Process Time \$\$ External
3. Sales Plan/Projects		FTI ½ ♥ People Process Time \$\$ External
4. Marketing Plan/Projects		FTI ½ ♥ People Process Time \$\$ External
5. Customer Service Projects		FTI ½ ♥ People Process Time \$\$ External
6. Strategic Alliances		FTI ½ ♥ People Process Time \$\$ External
7. Cost Reduction Projects		FTI ½ ♥ People Process Time \$\$ External
8. Technology Projects		FTI ½ ♥ People Process Time \$\$ External
9. People/HR Projects		FTI ½ ♥ People Process Time \$\$ External
10. Quality Improvement Projects		FTI ½ ♥ People Process Time \$\$ External
Overall Assessment		1 2 3 4 5 6 7 8 9 10

What is a One Page Business Plan?

The One Page Business Plan is an innovative approach to business planning that captures the essence of any business, project or program on a single page using key words and short phrases.

Most companies use the process to create not only the company's overall plan, but to create a plan for each supporting department, project and program.

The flexible methodology makes it possible for all managers and teams in the organization to each have a plan. The standard format makes it easy to review, compare and understand plans.

One Page Business Plans work because:

- Plans actually get documented
- Plans are understandable
- Plans are easy to write, easy to update
- Every manager or team has one

The process creates:

- Alignment
- Accountability
- Results

One Page Business Plan

mission Within the next three years grow Z-TEC International Inc. into a \$1 billion global provider of integrated work-flow solutions for Fortune 1000 companies, major municipalities and government agencies.
Z-TEC International, Inc. will be headquartered in San Francisco with offices in New York, Dallas & London

mission Build productivity solutions that reduce the cost of labor, materials and maintenance!

objectives

- Achieve 2007 sales of \$900 million.
- Earn pretax profits in 2007 of \$90 million
- Increase gross profit from 46.5% to 55%.
- Reduce the number of Day Sales Outstanding from 60 to 45 by June 30th.
- Add 600 new accounts in 2007: 250 in 1st half, 350 in 2nd half.
- Introduce new Internet product by Mar. 31; achieve Q2 sales of \$25m; Q3 \$50m; Q4 \$85m.
- Migrate at least 400 existing clients to Z-TEC Internet product by 2nd quarter 2004.
- Increase completed job orders per employee from 28.5 to 32 per week.
- Increase sales per employee from \$250,000 to \$350,000.

strategies

- Become nationally known for solving large scale process mfg. maintenance problems.
- Competitive Positioning: Optimize user-based pricing; modular systems for flexibility.
- Product Approach: Configure rather than customize; business rules vs custom programs.
- Enhance customer implementations by having people & resources in place before needed.
- Develop Employee Incentive Programs to allow the team to share in the rewards.
- R&D: Workflow solutions, open systems, multi-platform, object-oriented, flexible.
- Develop aligned team with sense of urgency, responsibility and accountability.

action plans

- Develop comprehensive Employee Recruitment & Retention Program by 1/15.
- Implement Power Partner Initiatives with Oracle, Sun and IBM by 2/28.
- Launch 6 Internet Products on March 31st at National Mfg. Process Convention.
- Complete beta test of Process Flow Performance module by 4/15.
- Develop Sales Force Automation Plan by 6/30; implement in 4th quarter.
- Launch Global Customer Forum for sharing implementation success & issues by 7/31.
- Complete facilities upgrade in Dallas by 8/3; London by 10/31.
- Implement financial reporting system at project/dept. level by 10/31.
- Implement professional skills development program by 11/30.

Business Plan Terminology is Confusing!

There are no universally acceptable definitions for the terms Vision, Mission, Objectives, Strategies or Plans. How you use these terms depends entirely on what school you went to and what companies you have worked for. Many companies never successfully complete their business plans because they cannot agree on the basic terminology.

We solved the problem! We translated the five standard business plan elements into five simple and universal questions. With these five questions you can create a plan for any business, department, project or program!

Vision:	What are you building?
Mission:	Why does this business exist?
Objectives:	What results will you measure?
Strategy:	How will you build this company?
Plan:	What is the work to be done?

Need to write a business plan for a department, project or program? Modify the questions by replacing the word "business" with department or program:

Department Usage

Mission: Why does this department exist?

Strategy: How will you build this department?

Program Usage

Mission: Why does this program exist?

Strategy: How will you build this program?

The Best Way to Understand The One Page Business Plan[®] is to Read One...

One Page Business Plans can generally be read in five minutes or less.

The key word, short phrase technique used to create One Page Plans allows the reader to quickly grasp the critical concepts and elements of the plan without having to labor through a lot of long-winded prose.

The One Page Business Plan is not meant to be a substitute for the fully developed business or strategic plan one would use to get venture or bank funding...but it works exceptionally well as an executive summary.



Notice as you read the Colorado Garden Window Company plan how much information is provided on a single page. The Vision Statement describes what the company will look like in three years. Mission Statement describes the company's unique value proposition. Strategies describe how the company is going to be built and managed. Action Plans describe the key projects and programs to be executed in the next twelve months...and the Objectives define the key goals or metrics.

The One Page Planning process works equally well for business units, departments, projects and programs. Not-for-profit and government organizations have also used One Page Plans with great success.

Colorado Garden Window Company
Mike Bozman, CEO
FY2015 Consolidated Plan



vision

Within the next 3 years grow Colorado Garden Window Company into a \$40 million national home products company specializing in manufacturing and distributing custom and replacement garden windows and skylights to baby-boomers and home remodelers.



mission

Bring Light, Air, and the Beauty of Nature through Windows!



objectives

- Achieve 2015 sales of \$ 17 million.
- Earn pre-tax profits in 2015 of \$ 1.5 million.
- Target Cost of Goods Sold at 38 % of sales.
- Reduce inventory levels to 3.3 months on hand by August 31st.
- Grow Garden Windows at 8% per year & achieve \$5.3M this year.
- Implement profit improvement programs; reduce COGS to 38%.
- Achieve 98% on-time delivery with 98% order accuracy by 5/31.



strategies

- Focus on upscale home developments & baby-boomer remodeling trends.
- Build Colorado Garden Window into nationally recognized brand name.
- Control quality processes by manufacturing solely in-house.
- Become vendor-of-choice by maintaining inventory of std. window sizes.
- Incr. capacity & manufacturing efficiency by reducing duplicate products.
- Centralize distribution into one location; reduce costs, improve service.



action plans

- Introduce new scenic Garden Window at S.F. products show 3/15.
- Roll out new package design beginning 3/31.
- Expand Sales Dept to focus on Premiere Homes in Denver & Provo by 4/1.
- Introduce inventory reduction program company-wide by 5/1.
- Fully implement new MRP software to achieve inventory reduction by 7/1.
- Complete skylight product rationalization program by 8/15.
- Research, design & launch re-designed employee benefit program by 10/1.
- Complete product distribution consolidation project by 11/15.

The One Page Planning Methodology Links Objectives, Strategy and Execution

Executives and business owners invest in strategic and business planning exercises because they want to increase sales, gross margins, operating income, cash flow, customer satisfaction, market share... their key performance indicators. The metrics that matter in their business!

The One Page Planning methodology uses simple graphical tools, like the “Bend the Curve” exercise, to help focus management teams on the Critical Objectives in the business, and what they can do to improve performance.

Tools like “Bend the Curve” are intuitive! People immediately not only understand the concept, but are able to put it to use instantly.

One of the issues in Strategic and Business Planning is that terms like Strategy, Objectives & Plans can be abstract. They do not mean the same thing to everyone. Our proprietary graphical tools simplify the planning process!

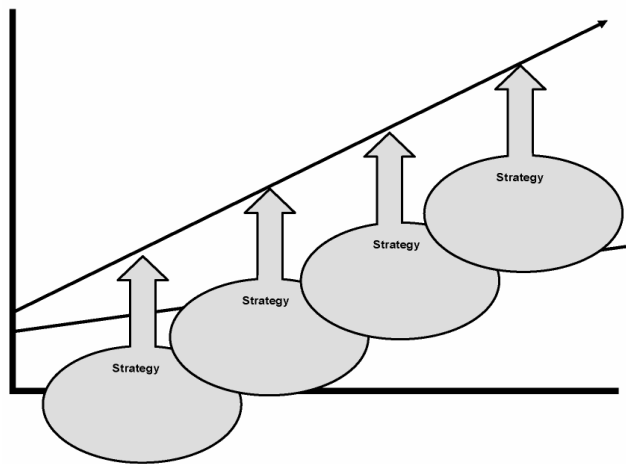
brainstorm EXERCISE

Linking Objectives, Strategies & Execution

Draft the Objective. Identify up to four Strategies that have the capability to significantly Bend the Curve for this Objective. List two (2) to four (4) key Action Plans per Strategy. Action Plans are typically Projects or Programs

Objective:

Increase _____ from _____ to _____ by _____.

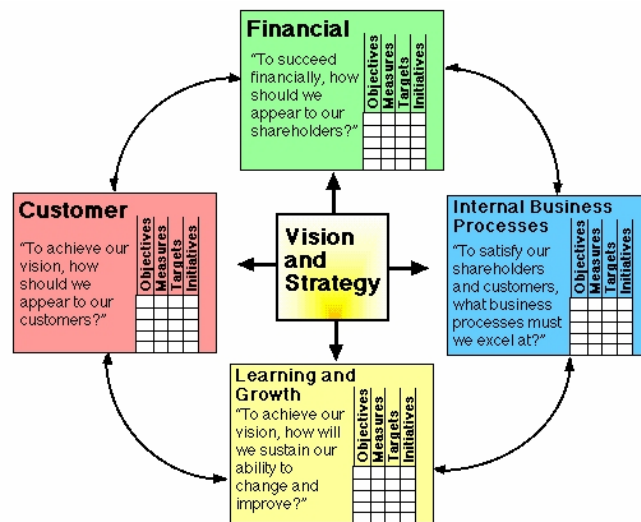


Execution: Define key projects, programs & initiatives that execute the Strategies.

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The One Page Business Plan[®] and the Balanced Scorecard

The One Page Business Plan and the Balanced Scorecard are highly complementary. The One Page Business Plan uses the framework of the four categories of the Balanced Scorecard to help people overcome the tendency to focus strictly on creating financial objectives. Well crafted One Page Plans always include the measurement of customer centric metrics, internal operations, human resources and other critical areas of the “total business”.



The Balanced Scorecard is a simple concept... don't make it difficult.

The four categories are logical:

1. Customers
2. Process Improvement
3. Learning and Growth
4. Financial

Do not overweight any of the four categories! It's called the Balanced Scorecard for a reason. Fight your inclination to load up on financial measures.

If a little is good, more is not necessarily better. A One Page Plan can accommodate nine Objectives. Most managers will only need 4 to 6.

Remember: Measuring everything is like measuring nothing!

Building a Balanced Scorecard is a process...NOT a one-time event!

Surveys indicate fewer than 20% of companies have a regularly scheduled, monthly business review. Use this meeting to review your Scorecards.

It takes time and patience to determine if you are measuring the right things. Be patient! Be vigilant!

Do not succumb to measuring the easy things...anybody can do that!

Starting with a Blank Page is a Bad Idea

Writer's block kills business plans...it also wastes a tremendous amount of precious time! While many are incredibly successful in business...few people are good at writing. Most struggle when it comes time to write. We have a simple solution!

Never start with a blank page! While the concept of viewing your business from a fresh perspective is smart, struggling with getting your ideas onto the written page is unnecessary. Over the last ten years, we have developed an extensive library of fill-in-the-blank templates that help people write clear, concise plans.

Our templates, like our graphical tools, teach people abstract concepts like Vision, Mission, Strategies, Objectives and Plans in minutes...not hours, days or weeks!

<u>Company Vision Statement Template</u>		
Within the next _____ years grow _____	_____	into a \$ _____ million
(1, 3 or 5 yrs)	(company name)	(est. annual sales)
_____	_____	company providing
(geographic scope) (local/region/nat'l/int'l)	(type of business)	

(list 2-3 of your key products/services)		
to _____	_____	
	(list 2-3 key clients / customers)	

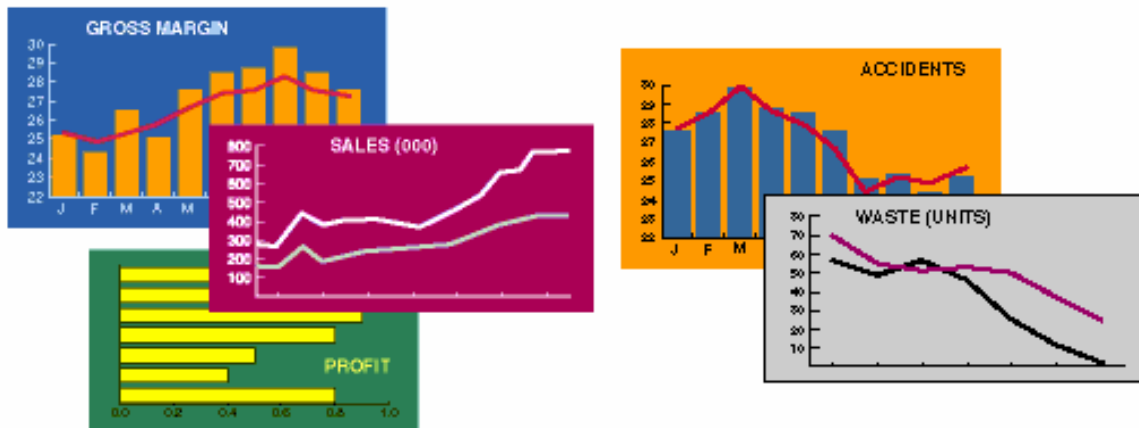
This Vision Statement template has been used with hundreds of thousands of entrepreneurs, small business owners and executive teams around the world. It always produces a powerful first draft in minutes. Give it a test drive!

Vague Objectives are Useless...

Far too many Objectives are vague; they cannot be measured, and frankly have little or no value! They do not describe what needs to be measured to know whether your company is winning or losing!

The One Page methodology makes writing clear, concise, powerful Objectives simple...All Objectives must be graphable!

Managers learn early in their careers that what you measure is what gets improved. In your company, undoubtedly you have charts that track Sales, Production Units, Manufacturing Yields, Productivity, etc. Charts are great...everybody can read charts. It's obvious when you are ahead of goal or not!



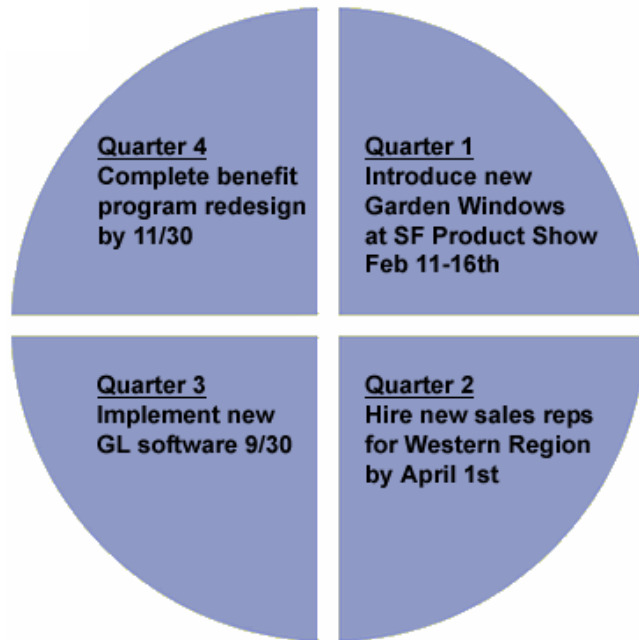
Writing clear, concise, measurable Objectives is just the first part of our methodology. The second step is to assure that the right things are being measured. And finally, our methodology highly encourages the routine monitoring and tracking of each Objective, either through our enterprise web-based software or the use of our Scorecard templates.

Really...There are 12 Months in a Year!

Most managers have little problem identifying critical tasks and near-term projects that need to be completed in the next six days...or six weeks. But the identification, prioritization and calendaring of significant projects and programs in the second half of the year... or beyond, can be difficult when so frequently, the focus is on short-term results.

We created The One Page[®] Planning Wheel as a tool to help entrepreneurs, business owners and executives visualize the entire year at a glance. We suggest our clients identify one, possibly two major initiatives per quarter. This “enforced limitation” causes the plan owner to realize that in fact there are four quarters in a year, and that they cannot crowd all the projects into the first and second quarters. It just is not realistic.

For those new to management, having to identify projects and programs that cannot be started for 8 – 10 months, may be the first step in developing strategic planning skills. For seasoned executives...the planning wheel is a reminder that time exists so that everything does not have to happen at the same time.



Make Your Decisions Count!

People love to plan...but results count! Unfortunately, because most planning processes are viewed as a task or an event, the plan is rarely reviewed and monitored after it is published.

Your final plan is a set of decisions. View each project or program as a commitment, a decision!

In order to get the return on investment from your decisions, commit to tracking key projects and programs. Every month!

Perform post audits on major programs. Learn from the successes and mistakes.

Commit to a structured review of your business every month. Walk through the financial statements as a team; review progress against key projects and programs; carefully review scorecard trends.

In 2004, Marakon Associates, in collaboration with the Economist Intelligence Unit, surveyed senior executives from 197 companies world-wide and found that less than 15% of these companies make it a regular practice to go back and compare the business's results with the forecast, projections or budgets embedded in the plan. These are the same companies that reported they only realize about 60% of the projected benefit of their strategies. Netting it out: you can't know what's working or not working unless you routinely monitor the implementation of the plan.

Final observation: We've learned CEOs and executives must monitor and report on their key initiatives and performance indicators in the same fashion as they expect their direct reports to report on their business units, departments, projects and programs. Are you practicing what you preach? Your managers and professionals are watching!

Set the example! Make your decisions count!

The image displays a 'One Page Consolidated Plan' dashboard. At the top, it features navigation tabs for 'One Page Plans', 'Scenarios', 'Progress Reports', 'Plan Status', and 'Help'. The user is identified as 'Jerome Johnson, President / CEO' and the plan is 'Approved: 19-Nov-2006'. The main content area includes a vision statement, mission statement, and a list of objectives and strategies. A 'Sales per Employee' chart shows a trend over time. Below the main dashboard, there are several overlapping windows for specific projects: 'Sales Force Automation Plan', 'Power Partner Initiative', and 'Employee Recruitment Program'. The 'Employee Recruitment Program' window shows a progress bar at 99% complete and a list of milestones with their completion dates and status.

What CEOs are saying about...

The One Page Business Plan®

Tom Peters
Best-Selling Business Author
Manchester Center, Vermont

“Putting together a 70-page business plan – replete with charts and graphs and spreadsheets – is a walk in the park. Getting it all right – exactly right – on a single page. Whoa! “Beautiful systems” are simple. One page business plan = the proverbial better mouse trap!”

America OnLine
Craig Peddie, Vice President and General Manager
Seattle, Washington

“Using Point, Click, Plan! I had a solid draft of my plan within a couple of hours! After reviewing it with my team, they wrote plans w/ Point, Click, Plan! In a couple of days the entire team had solid plans ready for review and alignment. This is the new way to plan! No wasted time. Time previous spent on planning is now being spent on execution. We have procedures in place to revisit the plans quarterly, and we look forward to putting together next year’s plan even quicker!”

The Ken Blanchard Companies
Tom McKee, CEO
San Diego, California

"We have found the web-based One Page Planning and Performance System valuable in managing our core business over the past two years. It provides a useful structure for our quarterly review meetings that helps us better focus on those things that make a real difference in our company!"

The Good Guys!
Bob Gunst, President and CEO
San Francisco, California

“Jim Horan has in fact simplified the business plan to one page. His one page process can be used at the retail store level, as well as for small companies, subsidiaries, or for summarizing an entire corporation.”

Herman Miller (San Francisco Franchise)
PJ Anderson, CEO
San Francisco, California

“The One Page Planning method, along with the web-based tool, are great ways to help our managers stay strategic even though their days may be spent working primarily on tactical issues.”

Bank of Walnut Creek
Jim Ryan, Chairman and CEO
Walnut Creek, California

This is an innovative, fresh approach to business planning. If all loan applicants would provide us with clear, concise summaries of their business plan, a banker's life would be a lot easier.

Drake Beam Morin
Ken Kneisel, Executive Vice President,
Atlanta, Georgia

"We have used The One Page Business Plan with great success in the last two years! This web-based system will revolutionize and streamline our planning and performance management processes and improve our bottom-line results! The skills learned in writing a One Page Business Plan have helped bring a disciplined focus to our business.

Morgan Stanley Dean Witter
Ralph Miljanich, Vice President
Santa Cruz, California

“It's very easy for stockbrokers to get wrapped up in the market and lose perspective. In order to be successful for the long run, one must have a plan and The One Page Business Plan is a great tool.”

DaMert Company
Fred DaMert, Chairman, CEO & Chief Toy Maker
Berkeley, California

“The One Page Business Plan is the business owner's Cliff Notes.”

Why not implement a results-based system that links planning, execution and accountability?

Today, The One Page Business Plan Company is rapidly becoming recognized as a leader with its innovative planning and performance management products, software, consulting and training services.

We have products specifically designed for entrepreneurs and other products that are geared for business owners and executives. Our most popular retail product is the best-selling book, *The One Page Business Plan*. Our professional products, available only through our licensed affiliates are *Point, Click, Plan!*[™], our executive desktop planning system and *The One Page Planning and Performance System*, our web-based enterprise performance management system.

Our consulting services include complete strategic and business planning capabilities using The One Page Business Plan methodology. Our programs are geared to produce a set of integrated, aligned plans in four weeks or less and then we will facilitate or monitor your monthly business review meetings to help you and your teams stay on track. Our work is generally with the executive team and their direct reports, but can extend to the entire management and professional team.

Companies and organizations using The One Page Business Plan[®] include:

Morgan Stanley	Oracle
America Online	Kaiser Permanente
IKON Office Systems	Northrop Grumman
Herman-Miller	Big Brothers, Big Sisters
Tillamook Cheese	Drake Beam Morin
Phoenix Children's Hospital	American Red Cross
The Ken Blanchard Companies	Chicago School District

If your organization needs training on how to create effective, concise plans...we can help. We have off-the-shelf programs or we can create a variety of custom learning programs including self-paced, e-learning, blended classroom, or individual learning/mentoring programs.

The One Page Planning team consists of over 400 seasoned executives, former business owners and senior consultants who truly understand business. This team has been carefully selected, trained and certified in The One Page Business Plan methodology. These consultants will work closely with you and your team to create comprehensive plans in days...not months.



The One Page Plan
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