ANNUAL PLANNING

5 STEPS TO FACILITATE A WINNING ANNUAL PLAN

by Chris Cosper

RHYTHM SYSTEMS®
Step 1 // Prep-Work: Don’t Skip This Step

“Get everyone’s unique perspective at the beginning of the session.”

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

• **Learnings from the previous year** - Start the session by revisiting the plan you established for the year that is about to end (Targets, Theme, Annual Initiatives), and then discuss the actual results. Ask the team: What did we accomplish this year? What improvements to the business did we make? What were our victories and bright spots? What did not go as planned? And most importantly, What lessons did we learn this year? The goal of this exercise is to reflect over the past year, gather insight into what worked well and what didn’t, what you learned during the year, and what is different today than it was a year ago. A lot of work has been done over the past year, and it’s important to celebrate the progress you have made. All that you have accomplished and improved this year creates a foundation for planning that is stronger, smarter, and steps ahead of the foundation you were planning from last year.

• **Start, Stop, Keep Exercise** - The Start, Stop, Keep exercise is great to send out ahead of time as homework for the team. This gets everyone thinking about the future of the business before they come into the planning session. It’s a great way to bridge the gap and ease people out of their day to day focus and into a planning mindset. In this exercise,
“Annual Planning should include a good balance of strategic thinking and execution planning. This is your opportunity to prepare your team for a successful year and connect strategy to execution.”

Participants are asked to share their top three answers in the following areas:

• **Start**: New things to consider doing. What do you think you or your team should start doing that is not being done today?

• **Stop**: What is ineffective that we need to stop doing and save our energy for other opportunities? These are items that can help us “dehassle” the business.

• **Keep**: What is working well that we should continue? Look for bright spots - items that are working very well, that we might want to replicate across the company.

• **Opportunities and Threats** - Different from Strengths and Weaknesses, which are internal, Opportunities and Threats should be external conditions, forces or trends that could impact your business. When considering Opportunities and Threats during Annual Planning, it is good to ask the team to think in terms of impact to your 3-5 Year Plan. What Opportunities are you aware of that could help you achieve your 3-5 year goals? What Threats are you aware of that could prevent you from achieving your 3-5 year goals? It is good to have the team brainstorm a good list of potential Opportunities and Threats, then have the team discuss, debate and agree on the top 3 Opportunities and the top 3 Threats.
Annual Planning should include a good balance of strategic thinking and execution planning. This is your opportunity to prepare your team for a successful year and connect strategy to execution. In order to plan for a successful year, you must have a good idea of the strategic direction you are moving in. Where do you want to be in the next 3-5 years and beyond? Because strategic thinking is a process, not an event, you will need to think ahead about how to use this time most effectively. If you have a fully developed long-term strategy, you could use this time to review your strategy with the team. If you have some pieces developed and some that need more work, you could spend this time focusing on just one strategic topic. Here are a few strategic decisions you should be working on. Consider where you are with each of these and customize this portion of the agenda to work on the areas most important to you at this time.

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

**Core Purpose** - Understanding and reinforcing your Core Purpose will provide inspiration for people on a daily basis. People need to be inspired. They need to understand how their daily work connects to a greater good that is being served through the success of the company. Your Core Purpose will answer the question “why?”
BHAG - Your Big Hairy Audacious Goal creates a vision of future success for your company. It should paint a picture of what things might look like 10-20 years in the future when you have achieved this wildly ambitious, measurable goal. Your BHAG will also provide inspiration for your people and will create a framework for strategic decision-making.

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

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

Facilitating your team’s strategy discussion is hard. It is really difficult to facilitate and participate in important discussions at the same time.

Need help: Click here to learn about utilizing a Rhythm Systems Annual Plan Facilitator
Step 3 // Create a Clear Execution Plan

“Your plan must let your firm know where you are going AND provide enough detail so people know what they need to do.”

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

1. **Targets** - Start by setting the measurable results you want to achieve this year. This should include Revenue and Profit targets and could also include other targets like Market Cap., Number of Employees, Number of Customers or Number of Locations. Choose a handful of targets that are strategic and meaningful to your company.

2. **Theme/Main Focus** - Next agree on the number one main thing the company must focus on this year. What barrier do you need to break? What Winning Move must pay off this year? Maybe this is the year to really focus on your company’s culture. It could be anything. The idea is to identify one overarching theme for the year that you are confident will drive your business forward. Creating this kind of a “rally cry” will help people remember throughout the year those things that you know are most important.

3. **3-5 Annual Initiatives** - Now comes the hard work of prioritizing and choosing 3-5 specific Annual Initiatives you will commit to completing this year. The right Annual Initiatives will support your ability to achieve the Main Focus, hit your Targets, move forward on your Winning Moves, and execute your core business with excellence. To identify your Annual Initiatives, refer back to the work you did in the first three steps: Lessons from the Prior Year, Start, Stop, Keep Ideas, Opportunities and Threats, Strategic Decisions, Winning Moves and the Destination Postcard. Based on all of this, what are your Top 3-5 Annual Initiatives for the company this year? In addition to identifying these Annual Initiatives, you also need to assign an owner...
for each, determine the Red-Yellow-Green success criteria, and map out the sequence and timing of major milestones for each initiative.

4. **Q1 Execution Plan** - Now you are ready to get to work. Either as the last section of your Annual Planning Session or in a separate meeting, take the next step in your Rhythm Plan and create the execution plan for the first quarter. Just like the Annual Plan, the Quarterly Plan should include a Main Thing, 3-5 Top Priorities that can be achieved in a 90-day period, owners and Red-Yellow-Green success criteria for each Priority.

### Step 4

**Make Sure Your Departments Know What To Do**

“Having a Rhythm facilitator allowed me to be an active participant in our Annual Planning session. The decisions we made at that meeting led us to a 15% increase in sales the very next quarter.”

Dr. Stephen Vogt  
CEO/Founder, BioPlus

Having a great Annual Plan created by the executive team at the company level is important, but the truth is that most of the actual work will not be done at the executive level. Most of the work will be done at the departmental level, and even then, only when it’s broken down into bite-size quarterly pieces. Once the company plan is finished, each department leader should meet with their team to share the vision for the year, explain how the plan supports the long-term strategy, and discuss the department’s role in supporting it. The leader should also share the 3-5 Priorities the executive team has identified for the first quarter of the new year. Based on that, the department should consider what their year should look like and determine the 3-5 Priorities they will pursue in the first 90 days. Each of the department’s Quarterly Priorities will also need an owner and Red-Yellow-Green success criteria. And taking it one step further, each member of the team should also identify the 3-5 Individual Priorities they are personally committing to that will support the department’s plan.

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

While we recommend that you should customize an agenda that makes sense for your company’s Annual Planning session, we’ve included a sample agenda to help you at the end of this guide.

**Step 5**

**Execute Weekly and Daily to Achieve Your Annual Goals**

Your Plan is not complete unless you have set up every department and every person for success. Create weekly departmental and individual dashboards to track the progress of your annual and quarterly priorities. Weekly dashboards should include a few metrics to make sure that the departmental and individual “day jobs” are on track and a few growth priorities to make sure you are driving the growth initiatives in your annual plan.

The key to success is to make sure that you review what is on track and what is not every week. Make sure you are running a weekly ADJUSTMENT meeting – not a boring status meeting.

“Rhythm helped us improve the efficiency and effectiveness of our weekly meetings drastically. Our executive meetings have gone from 6 hours to 1.5 hours.”

Michele Wink
President and CEO, UP Professional Solutions

Making sure every department knows how to support the company plan is critical if you want to have a great year.

**Need help:** Click here to learn about utilizing a Rhythm Systems Annual Plan Facilitator
Rhythm Systems Annual Planning Agenda

DAY 1
Part 1: Review, Discuss, Brainstorm

1. Welcome - 30 min
   a) Confirm Objectives
   b) Review Agenda
   c) Check-in/Good news
2. Learning from the Year - 1 hour
   a) Results
   b) Bright Spots
   c) Lessons Learned
3. Review Prep Work - 1 hour
   a) Review Start, Stop, Keep
   b) Agree to Top 3 Opportunities
   c) Agree on Top 3 Threats

Part 2: Connect Strategy to Execution

1. Review to Connect Strategy (Core Values, BHAG, Brand Promise, etc.)
2. Discussion Topics (Special Agenda Items)
3. Determine or Advance Your Winning Moves & 3-5 Year Plan

DAY 2
Part 3: Execution Planning

1. Annual Plan - 3.5 hours
   a) Create Destination Postcard
   b) Set revenue and profit targets
   c) Agree on 3-5 Top Annual Initiatives
   d) Determine Accountability, Milestones and Red-Yellow-Green
2. Q1 Execution Plan - 2.5 hours
   a) Main Thing & Critical Numbers
   b) Company Top 3-5 Priorities
   c) Individual Top 3-5 Priorities
3. Cascade Plan - 30 min
   a) Determine dates and plan for Cascade Team Planning
4. Communication Plan - 30 min
   a) Create plan to communicate & roll the whole company
Need help facilitating your Annual Plan?

The Rhythm Consulting Team has helped create over 3000 growth plans for our mid-market clients. They have run companies or have executive experience so they are quick to understand your needs and bring immediate value to your organization.

Use The Rhythm Software System to stay on track all year long.

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