



2023


Strategic Planning Guide


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This guide organizes strategic planning into a four-step annual process useful for both novice and veteran planners to maximize strategic planning efforts. The systematic method, exercises, and discussion questions work together to equip Christian business leaders for a one-day or multiday planning retreat with their leadership team. Our goal is for those efforts to produce a strategic plan that promotes alignment and mission advancement across a company. We do not prescribe an execution framework or platform but encourage leaders to explore available options to improve the utilization and execution of their strategic plans.


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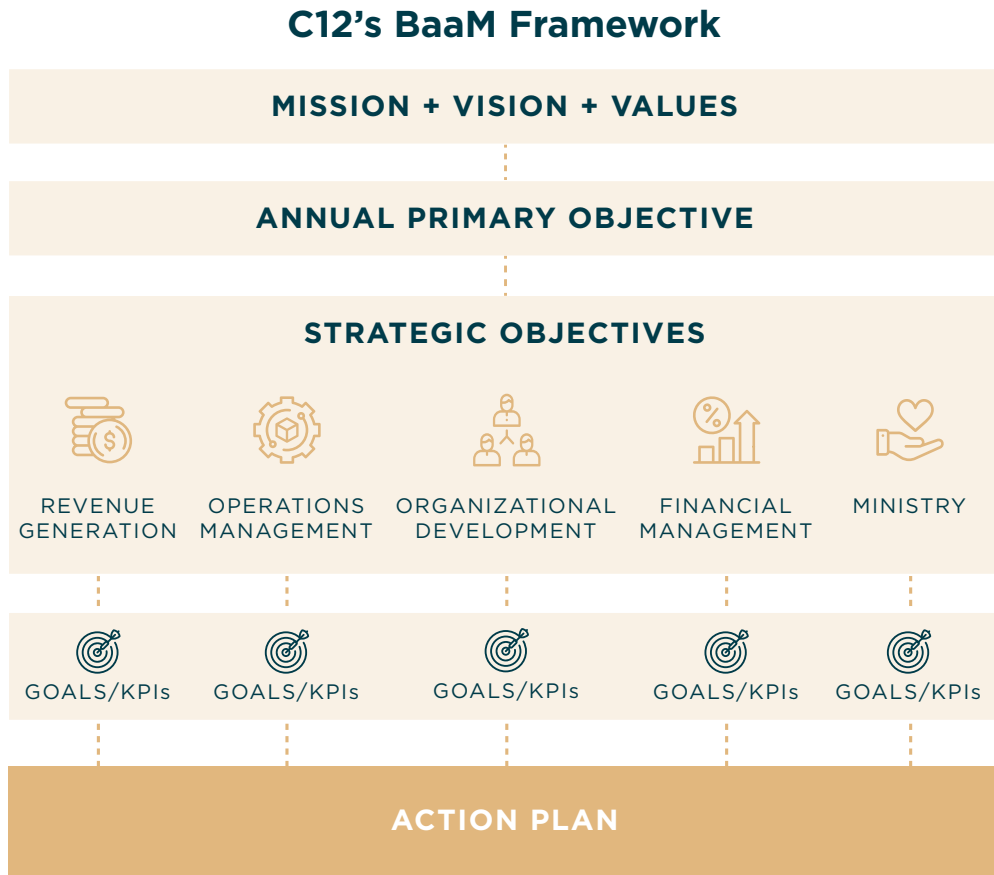
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The BaaM Framework

Stewarding a Business as a Ministry (BaaM) requires developing, communicating, and executing a strategic plan that considers all areas of the business. C12's BaaM Framework helps us create a strategic plan—anchoring in biblical core principles, identifying an annual primary focus, setting objectives that support the primary focus, defining measurable goals for the objectives, and creating action plans.








Leaders who build and reinforce a strategic plan based on the BaaM Framework empower their teams with meaningful work, critical direction, and organizational alignment, allowing their company to scale and progress toward its vision.

Strategic Planning Annual Process

The discipline of strategic planning is like a muscle that we must exercise to grow. Each year, we can focus on strengthening our efforts in another aspect of the planning process. After all, strategic planning is not a project to complete but a process to sustain.

The table below provides a simplified overview of the initial and annual steps of the strategic plan development process. Each step's duration and involved parties will vary by company. The rest of this strategic planning guide walks leadership teams through this process in greater detail.

Perform once	Perform annually			
 First Look	 Look Back	 Look Up	 Look Around	 Look Forward
Establish core principles (mission, vision, values, and DSI)	Assess previous year's planning Assess previous year's process execution	Pray for wisdom and direction Align with board/founder/franchisor	Review core principles Assess the market, environment, and organization	Identify place and target in medium-range strategic plan Set annual primary objective, supporting objectives, goals and action plans



What have you learned about planning since last year? How are you stronger now?
 Which of these concepts are you excited to take into planning this year?

Core Principles

In a Business as a Ministry (BaaM) framework, our long-term vision and our short-term goals and action plans are born from and powered by our faith-driven core principles. Our missions, visions, and values should infuse and galvanize the strategic vision across an eternally balanced scorecard. Companies that lack direction based on foundational core principles suffer from compromised performance, unnecessary confusion (due to competing agendas), and diminished cultural alignment.

Our **mission statement** clearly expresses why we are in business.

Our **vision statement** expresses what our business would look like if the mission were fulfilled.

Our **core values** dictate our behavior and how we interact with each other. They also guide which strategies we employ to fulfill our mission and vision.

Our **dominant selling idea (DSI)** states our well-defined and sustainable competitive advantage or unique selling proposition. It expresses what sets us apart in the context of what we assume to be true of the market.

The mission, vision, and values of an organization are relatively static but can change over time, especially if a business has faced major disruption. These durable concepts govern our evolving three- to five-year strategic visions, annual goals, and execution tactics.



The sequence of this guide assumes your company has core principles established. If you do not, please refer to **Appendix A - First Look** to establish them before moving through the four-step planning process.

Step 1 Look Back

Balanced scorecards are one tool our businesses can use both to assess past success and plan for the future. First popularized by Kaplan and Norton, balanced scorecards drive alignment, execution, and measurement of strategic objectives across business functions. C12 adapted this methodology to equip leaders to build great businesses with a greater purpose. The 5-Point Alignment Matrix (5PAM) provides a comprehensive framework for overall company health and robust long-term performance, for establishing the mission, vision, and core values as central, and for integrating ministry as an additional dimension for goal setting and tracking.

The C12 5-Point Alignment Matrix








Our adaptation is also unique in that it encourages leaders to examine each functional area of the business in relation to the others. This discipline is necessary to prioritize efforts properly and engage stakeholders appropriately.

Before we can effectively build strategic priorities for the year(s) to come, we must learn from the past by *looking back* at our previous year's planning and performance. Let's assess our planning discipline and respective outcomes for 2022 as informed by the five key areas of the business.

2022 Strategic Plan Assessment

To what extent did our team create and execute a strategic plan in 2022, and what results have we seen to date? For each area of the 5PAM, rate the quality, utilization, and results of your strategic plan and objectives. Then, force rank each area of the business according to which aspects of the 5PAM most need attention during planning for 2023.

	QUALITY (1-5) 1 = no credible plan 3 = defined objectives 5 = KPIs with accountability	UTILIZATION (1-5) 1 = underutilized 3 = referenced 5 = executed	RESULTS (1-5) 1 = poor 3 = satisfactory 5 = excellent	PRIORITY RANK (1-5) 1 = most urgent 5 = least urgent
 REVENUE GENERATION				
 OPERATIONS MANAGEMENT				
 ORGANIZATIONAL DEVELOPMENT				
 FINANCIAL MANAGEMENT				
 MINISTRY				



Discussion or reflection:

What positive results did our plan produce, and to what do we attribute the success?

If we had any unfavorable results, were they more often attributed to poor planning in *quality* or *utilization*?

Which area of the business did you rank as your top priority in the next year, and why?

What results in the assessment surprised you? If we achieved results that cannot be attributed to our planning process, what caused them? Could we have planned for them, or did we miss something in our process?

Strategic planning is most effective when we implement the various steps from formulation to execution. Each step brings challenges and opportunities. It can be helpful for leaders to identify which step(s) in the process went well and which step(s) may have caused a strategic plan to stall.

Strategic Planning Process Assessment

On a scale of 1 to 5, rate how well your company implemented each step of the strategic planning process.

- | | | |
|---|--|--|
| 1.  Clarity of primary business needs | 2.  Plan formulation process | 3.  Initial leadership buy-in |
| 4.  Organizational communication of plan | 5.  Cascading of responsibilities | 6.  Ownership of objectives |
| 7.  Development of action plans | 8.  Monitoring of progress | 9.  Quarterly updates/ revisions to plan |



Discussion or reflection:

Which steps of the strategic planning process represent strengths for our company?

Which steps represent weaknesses?

What is our critical next step to improve our company's planning process?

Step 2 Look Up

Setting a vision for a company and leading an organization into its next season is a significant leadership responsibility. But we are not left to figure it out on our own. As the Creator and Owner of everything, including our businesses, God cares to guide and direct our steps. He appoints us as leaders and entrusts us with the responsibility of stewarding His businesses and people.

These truths should inspire gospel-driven leaders to seek God’s direction as a non-negotiable step in the strategic planning process. We must manage the beautiful tension between diligently planning and faithfully trusting God’s providence. Practically, this means taking time to pray, listening for and submitting to His indwelling Spirit’s guidance—in our personal quiet time and in our planning meetings. We can also seek His wisdom in the Bible, which has much to say about managing a business.

For the leadership teams that include other Christians, this includes inviting them to be prayerful too, and allowing enough time between meetings for the Spirit to work.



“The purpose of prayer is emphatically not to bend God’s will to ours but rather to align our will to his.”

—John Stott, *Reading Romans with John Stott*



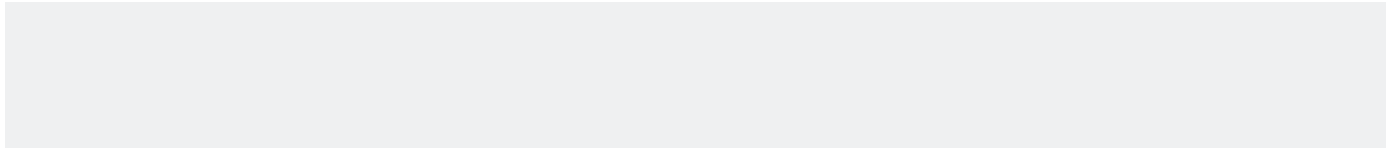
Discussion or reflection:

For those who have prayed for God’s direction, what do you hear Him asking us to pursue in the next year?

How can our testimony of seeking God’s will for the business serve as a ministry opportunity or cultural anchor?

For some business leaders, *looking up* may also involve ensuring alignment with others, such as predecessors, company founders, franchisees, boards of directors, or regional VPs.

Who else do you need to consult with before you progress in the planning process?



Step 3 Look Around

Whether we feel like we are building on last year's ruins or are poised for success (or both), awareness is the foundation of all good plans. We should conduct the following analyses to gain awareness of our organization, environment, and market.

Review Core Principles

As established at the beginning of this guide, core principles (i.e., mission, vision, values & dominant selling idea) serve as the basis of our plans and objectives. The mission, vision, and values of an organization are relatively static but can change over time, especially if a business has faced major disruption.

At this point in the planning process, leadership teams should have clear and accurate core principles and review them for accuracy and effectiveness, updating them if necessary.

If your company has a healthy and regular cadence of reviewing and reinforcing core principles, this step may be a quick re-orienting of the team to who we are and what we are about. Or, if you have new participants (e.g., new team members or board members) or it has been a while since you reviewed the core principles thoroughly, it may require a longer assessment.

Mission Statement

Our mission statement should clearly express *why* we are in business.



Rewards & Benefits:

- Motivates owners/employees to stay focused on important, God-honoring work
- Prevents the organization from drifting into unintentional or superfluous activities
- Eases strategic decisions entailing difficult trade-offs









Risks of Gaps:

- Internal relational conflicts over the future direction of the organization
- Misalignment and ineffective use of resources
- Missed goals, targets, and deadlines

Our mission statement is:

Our mission statement is (check all that apply):

-  **Inspirational and motivational**
-  **Short and memorable**
-  **Arbitrating as an effective decision-making tool**
-  **Personal or visceral, reflective of the owner's heart**
-  **Kingdom-oriented, conveying a clear sense of ministry**
-  **Timeless**



Discussion or reflection:

Does our mission statement accurately reflect our current understanding of our “why”?

What gaps, if any, exist in our mission statement that warrant a revision at this time?

How can we revise it to more effectively articulate our organizational mission?

What aspect of our mission statement is most effective at guiding our decisions and plans?

How can we ground our 2023 annual plan in our organizational “why”?

Vision Statement

Our vision statement should point to a state or a condition that is actionable and inspirational.



Rewards & Benefits:

- Clarifies corporate aspirations, the projected state of the organization, and how to fulfill future needs and expectations of customers
- Creates a challenging yet tangible target for the team to achieve
- Guides clear and compelling strategies that distinguish the company from competitors



Risks of Gaps:

- Confusion about different ways the company can fulfill its mission statement
- Dispersion of team energy across multiple targets, diminishing the ability to achieve any of them
- Increased turnover as employees lack motivation
- Potential to derail efforts that are working toward strategic goals

Our vision statement is:

Our vision statement is (check all that apply):



God-sized and beyond our ability to achieve apart from Him



Passionate and conviction-based



Clear and specific, possibly including geographic, numeric, or financial components



Glorifying and honoring to God



Discussion or reflection:

Does our vision statement accurately reflect the aspirational state we are hoping to achieve? What gaps, if any, exist in our vision statement that warrant a revision at this time?

Is our vision statement resilient to changes in technology or environment, or do we need to be cognizant of external factors that would necessitate revisions?

How can we revise it to more effectively articulate our long-term vision?

How can we ground our 2023 annual plan in our organizational vision?

Core Values

Core values dictate behavior within an organization and how we interact with each other. They also guide which strategies we employ to fulfill our mission and vision.



Rewards & Benefits:

- Establishes the “rules of engagement” for relationships with stakeholders
- Creates an intentional culture that brings enjoyment, contentment, and engagement to the work environment
- Enables strong recruiting, hiring, and firing decisions



Risks of Gaps:

- A breakdown in corporate culture and the onset of a “wild west” mindset in which anything goes
- Unrest, conflict, ethical dilemmas, and moral failures
- Driving away the best team members

Our core values (check all that apply):



Serve as an internal compass for decision-making



Identify inherent character traits that resonate with the core business functions



Transcend the circumstantial



Unite behaviors across the entire company



Reflect the values of Jesus and express the gospel



Discussion or reflection:

Do our core values accurately reflect the behavior we expect in our organization?

What gaps, if any, do we notice in the effectiveness of our core values that warrant a revision at this time?

How can we work to remedy those gaps in the next year?

Which one of our core values is most important for us to consider in our 2023 annual plan?

Dominant Selling Idea (DSI)

Our dominant selling idea is our well-defined and sustainable competitive advantage or unique selling proposition.



Rewards & Benefits:

- Recognizes the unique way in which God created us to serve best those in our circle of influence
- Capitalizes on the resources God has placed in our hands to do the work He has called us to do
- Engages our creative minds, which reflect our God-given character



Risks of Gaps:

- Getting lost in the noise of competition
- Overpromising and overextending
- Lack of sales and increased customer turnover as cost drives decisions

Our dominant selling idea (check all that apply):

✓



Defines our unique skills, services, or resources in the marketplace



Sets us apart from our competitors



Focuses our energy on what best serves our customers



Defines the reason customers buy from us rather than from others



Defines our core strengths and competencies



Discussion or reflection:

Does our DSI accurately reflect the reasons our customers buy from us rather than others?

What changes in the workforce, demand, or regulations, if any, affect our selling proposition?

If those changes warrant a revision to our DSI at this time, what should that revision be?

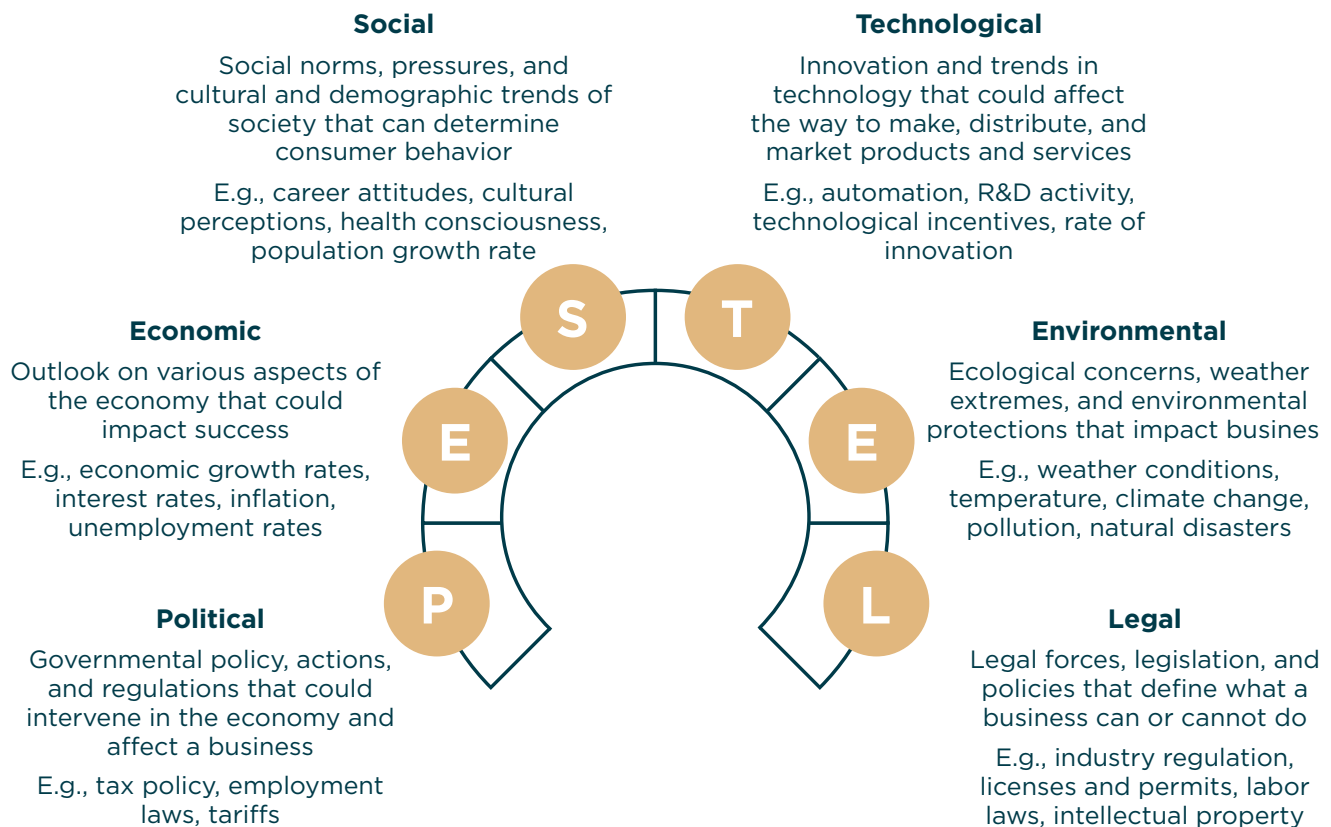
How well do we express our value proposition to prospective customers? To prospective employees?

How should our DSI inform our 2023 annual plan?

Assess the Environment

An external environmental scan, such as a PESTEL analysis or VUCA exercise, can yield deep insights that inform objectives, priorities, and initiatives for the coming season. The PESTEL analysis (an extension of the PEST strategic framework) evaluates the external influences that can have a major impact on product development, decision-making, financial management, and market growth and expansion.¹ Combined, the six PESTEL factors have a profound impact on the opportunities and risks for a business.

PESTEL Analysis



Conduct a PESTEL analysis to determine key factors in the operating environment that have a bearing on planning.



Discussion or reflection:

In light of the current supply chain, talent, transportation, and economic dynamics that affect our business, suppliers, and community, what pivots are required of us?

¹ "PESTEL Analysis," Corporate Finance Institute, June 7, 2022, <https://bit.ly/3zALYwF>; see the C12 business segment "Assessing Market Position" (September 2019).

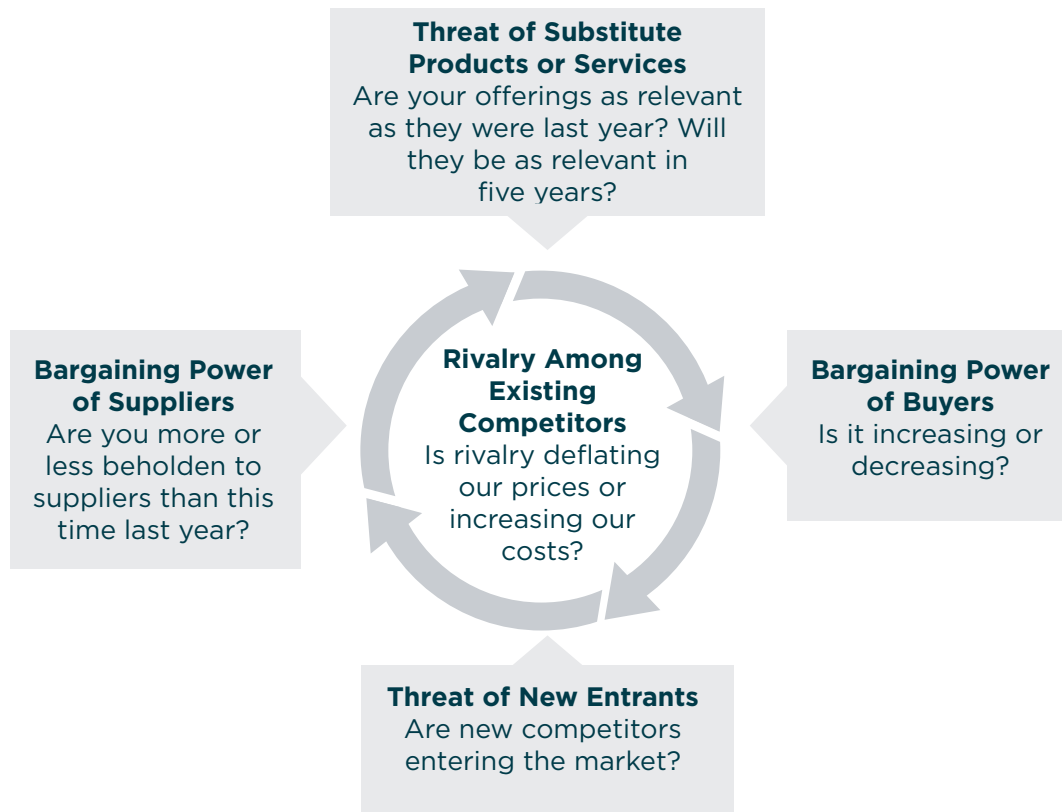
Assess the Market

Points derived from a PESTEL analysis can be incorporated into other strategic frameworks, such as Porter's Five Forces, where relevant.

The Five Forces is a framework for understanding the competitive forces at work in an industry. Assessing industry opportunities through the framework helps companies consider how to position themselves for success.

Evaluate the health of your market, including market share increase or decline and competition growth, by answering the questions associated with Porter's Five Forces below.

Porter's Five Forces Analysis²



Discussion or reflection:

What is changing about our market, suppliers, and customers?

² Diagram adapted from Institute for Strategy & Competitiveness, "The Five Forces," Harvard Business School, accessed June 7, 2022, <https://bit.ly/3cFftEJ>.



Discussion or reflection:

Based on the PESTEL and Porter's Five Forces Analyses...

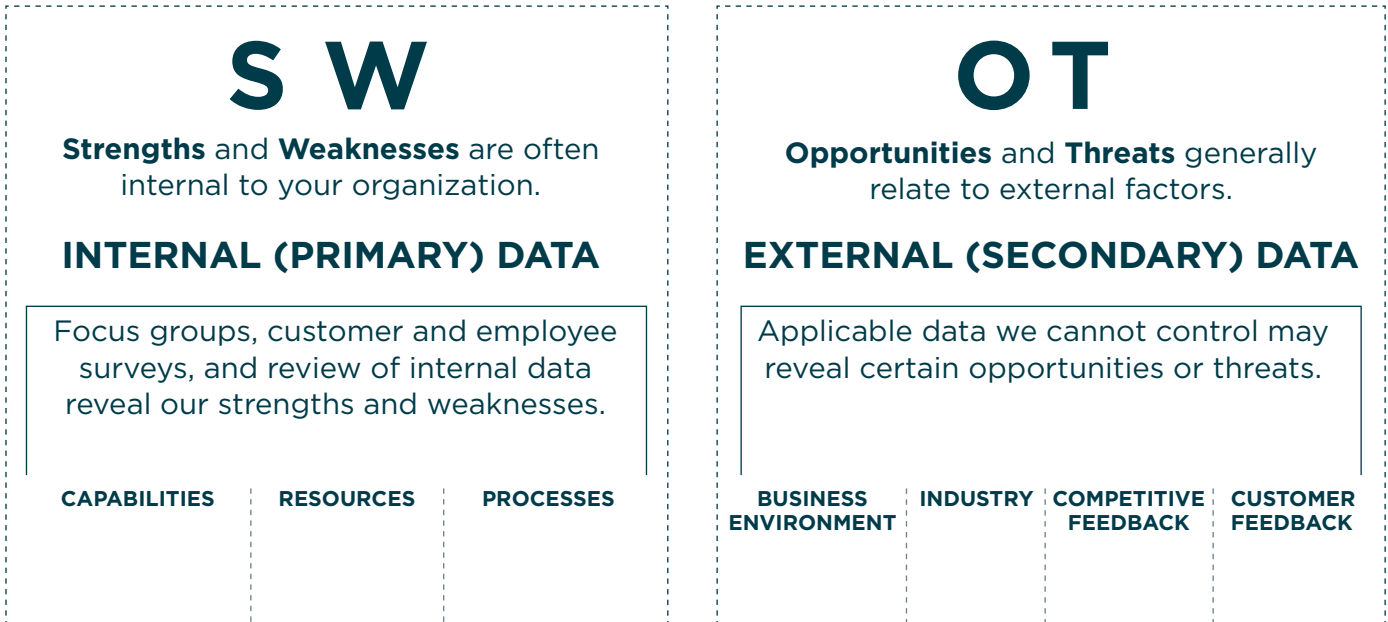
Which environmental or market analysis factors will be headwinds for our business this year?

Which factors will be tailwinds?

Which part of the business will be most disrupted or will have to scale up most significantly?

Assess the Organization

Informed objectivity regarding our company's condition is key to identifying and prioritizing our path forward. A SWOT analysis classifies the internal aspects of a company as strengths or weaknesses and the external situational factors as opportunities or threats.³ Strengths might establish a competitive advantage, while weaknesses might hinder it. This analysis is particularly powerful because it can reveal opportunities that we are well placed to recognize and seize.



Perform a SWOT analysis on the company as a group. To further coax out all relevant issues, ask these questions:



³ A TOWS Analysis is an extension of SWOT that combines the two internal factors with the two external factors in order to come up with four separate strategies for future growth and development (<https://bit.ly/3oyeyBT>).

10 steps to max out your SWOT analysis:

1. Assemble a cross-functional group that focuses on customers, technology, internal operations, suppliers, owners, employees, etc.
2. In advance of the gathering, ask the participants to glean a truly objective understanding of industry trends and the company's relative standing versus the best-in-class in their areas of responsibility. Department leaders may need to perform a SWOT with their teams to bring a broader voice of the organization to the assembly.
3. Commit a couple of hours of uninterrupted time to a SWOT event with a designated facilitator.
4. Begin with the positives, focusing first on the organization's strengths. Give participants a couple of minutes to write down as many as they can think of on individual notecards.
5. Collect the cards and organize them into topics (e.g., technical/product expertise, project management discipline, financial strength, loyal customers, etc.).
6. Repeat this process for each of the four SWOT categories.
7. Based on the number of affinity clusters (i.e., multiple mentions) within each category, make a list of topics or subtopics for each of the four categories on a whiteboard or on flip-chart paper.
8. Give every participant a fixed number of votes to select the vital issues he or she feels most strongly about.
9. Record the votes next to each item on the board.
10. Build your SWOT analysis with the items that dominated the voting.

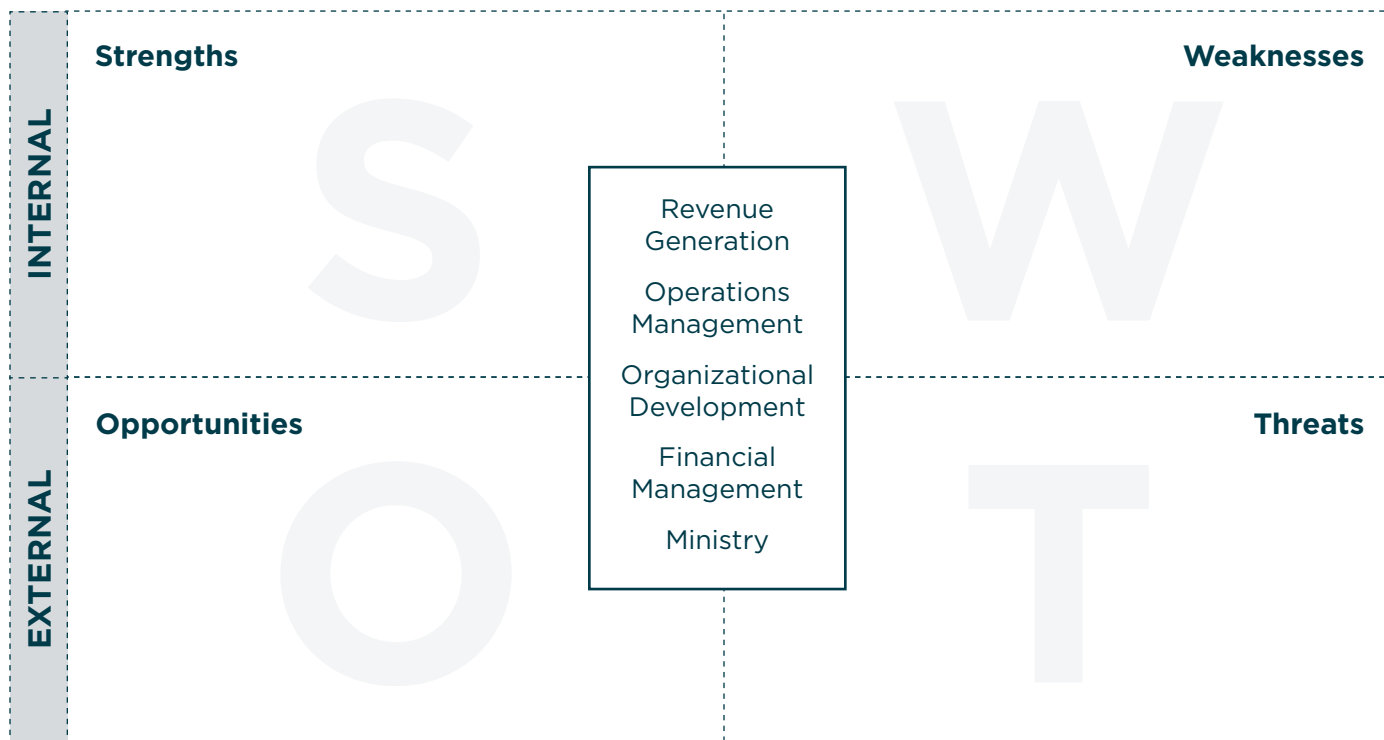
Challenge participants to consider ways to address competitive weaknesses and to sharpen and protect strengths in each functional area. Participants may formulate responses as department or product line objectives that support higher-level or longer-term company strategic objectives.

Sometimes, topic combinations can be addressed by a single strategy. For example:

- **S-O strategies** pursue opportunities that leverage current company strengths.
- **W-O strategies** overcome or mitigate weaknesses to pursue opportunities.
- **S-T strategies** use company strengths to reduce vulnerability to external threats.
- **W-T strategies** devise a defensive plan to minimize the chance of weaknesses being exploited by external threats.

Using the steps on page 20, examine the company's health in the core areas of the 5-Point Alignment Matrix and refresh last year's SWOT or create a new one.⁴

Organizational SWOT



Discussion or reflection:

Answer the questions on page 19 for each quadrant of the SWOT.

Follow-up:

Consider involving key suppliers and notable customers in a SWOT analysis. Their feedback yields a more objective outcome and can reveal possibilities, eliminate outdated priorities, and boost relevance.

Task each department or functional area of the business to perform a SWOT exercise as a team.

⁴ Use the Threats quadrant to summarize the most relevant external factors identified in your PESTEL and Five Forces analyses.

Step 4 Look Ahead

Our preparatory work from the previous steps lays the necessary groundwork to establish our future courses of action with confidence. By gaining clarity around our organization's current state, we will be able to develop an effective strategic plan for 2023 and beyond. Several different resources are available to help teams execute their strategic plans.⁵

Regardless of which resource best suits the context of our business, using a formal framework prompts us to evaluate challenges and capabilities, define goals and measures, communicate plans, and celebrate progress.

⁵ For more on strategic plan execution, see the next section, "Look Again."

Develop a Medium-Range Strategic Plan

Ideally, before we establish our annual plan for the coming year, we will first take a longer view by establishing a medium-range strategic plan that spans three-to-five years.

Our strategy must be contextual, considering the entirety of our businesses. We should specify desired outcomes for each area of the 5PAM as supporting strategic objectives and review these plans each year to reflect on progress and update the plan.

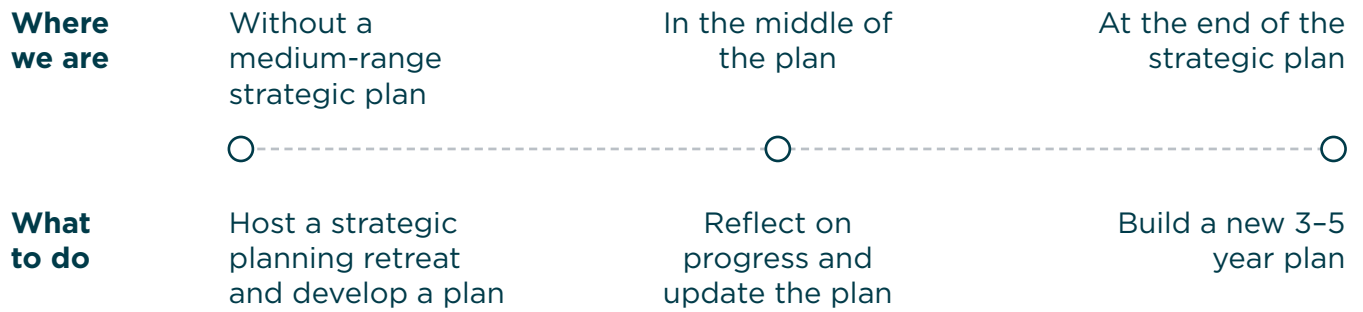
That vision will inform our short-term annual primary objective, which is accomplished through several supporting one-year goals. The annual objective and supporting goals make up our annual plan.

3- TO 5- YEAR STRATEGIC PLAN					
3- TO 5- YEAR STRATEGIC VISION	 REVENUE GENERATION	 OPERATIONS MANAGEMENT	 ORGANIZATIONAL DEVELOPMENT	 FINANCIAL MANAGEMENT	 MINISTRY
	3- to 5-year strategic objective	3- to 5-year strategic objective	3- to 5-year strategic objective	3- to 5-year strategic objective	3- to 5-year strategic objective
ANNUAL PLAN	One-year goal(s)	One-year goal(s)	One-year goal(s)	One-year goal(s)	One-year goal(s)
	Metric/KPI	Metric/KPI	Metric/KPI	Metric/KPI	Metric/KPI
	Annual Primary Objective				

At the end of three to five years, our team should develop a new medium-range plan for the next season.

Where we are today determines what we need to do next. With an arrow, mark along the continuum where your company is today. With a star, mark where you would like the company to be a year from now.

Strategic Planning Continuum



Discussion or reflection:

Based on where we are in the strategic planning continuum, what do we need to do for 2023? For 2024?

Do our 2022 results necessitate any updates to our three- to five-year plans?

Strategic Vision and Goals

A concise strategic vision, sometimes referred to as an organizational strategy, could boil down to a statement, tagline, or brand promise.

A more robust articulation could label the 5PAM business areas with long-term objectives that stay constant each year as annual goals are updated. This helps team members latch onto the permanent concepts we are always pursuing even while our tactics may change.

5PAM Area

Strategic Objective

Next year's goal to achieve this 3- to 5- year strategic objective

Here are variations of questions we can ask to help us formulate challenging but realistic goals for organizational growth and performance:

- As much as we can plan for it, where do we want to be in three to five years?
- What objectives do we need to achieve in this coming year to make demonstrable progress toward our vision?
- What are our aspirations?⁶
- What are the critical trends regarding customers, competitors, technology, and regulation?
- How is our business model performing, and how will it likely evolve?
- What kind of market position or capability do we want to have in the future?
- What measurable breakthrough do we want to achieve in each dimension of the business?
- What are the key challenges and opportunities we face?
- What capabilities do we need to build for the future?
- What are the key risks and uncertainties we face, and what can we do to ensure our adaptability?

⁶ This question and those after it come from Sarah Kaplan and Eric D. Beinhocker, "The Real Value of Strategic Planning," *MIT Sloan Management Review*, Winter 2003, <https://sloanreview.mit.edu/article/the-real-value-of-strategic-planning/>.

If the leaders of a \$15M custom door and window company approached their planning in this regard, it might look something like this. After the leaders review the company's core principles and diligently assess its business, market, and Kingdom imperatives, the vision of what the company should look like in three to five years starts becoming clear. As they begin to define the vision in greater detail, they develop a 2027 goal of being a \$25M operation with a #1 customer satisfaction rating and a top-rated employer in the region for their industry. Then, their cascading objectives and goals across the five areas of the business might look like those below.

Sample ongoing category objectives with annual goals:

SPAM Area: Operations Management

Long-Term Strategic Objective: Achieve top tier order fulfillment capabilities

Next Year's Goal: reduce average order fulfillment time by 2.5 days without compromising quality or unit cost factors

SPAM Area: Organizational Development

Long-Term Strategic Objective: Achieve employee engagement >70%

Next Year's Goal: 100% of employees experiencing Development Action Plans and regular GWC evaluation

This company's strategic vision could be stated as the sum of its strategic objectives: We will achieve our vision by achieving top tier order fulfillment capabilities, increasing employee engagement, etc.

Additional Sample Strategic Objectives



Revenue Generation: Reduce customer attrition to 10%

In order to grow, a business needs to increase its share of competitive markets. Marketing plans start with the overall strategic business plan of a company. Then they explain in detail how specific aims will be carried out. Marketing plans capture product or service offerings, research of target markets, and analysis of competition. Then they outline strategies for placing, pricing, and promoting a company's offerings.



Operations Management: Achieve 50% reduced production time to create competitive advantage

Productivity for any organization means fine-tuning business processes to achieve the best result for a customer while increasing profit. As an example, a manufacturing organization that fine-tunes a process could reduce waste and production time, delivering a better product to the customer more quickly. A service business that changes the way customers are handled could decrease call times and increase customer satisfaction and loyalty.



Organizational Development: Achieve 75% employee engagement

The people in our organizations are often our most important resource. Developing a performance management plan may be paramount to the success of our companies. In addition, programs that align employees' compensation—merit increases, bonuses—to their performance have proven to be very effective. Motivating, rewarding, and retaining top performers is a key business objective for any company that seeks to successfully maintain or exceed growth expectations.



Financial Management: Reduce the cash conversion cycle to eliminate line-of-credit dependency for raw materials

Included in the growth objectives of an organization is the availability of capital resources to invest in future expansion. If a company's financial resources are strong, capital could come from cash reserves. For many organizations, strengthening financial resources means building cash flow or increasing assets in order to attract investors and court creditors to fund growth as well as market expansion.



Ministry: Create a sustainable caring team and ministry scorecard

If ministry is not strategically planned for, it will become a regretful afterthought. Scaling ministry effectiveness to vision requires the same deliberate progression and goal-setting disciplines as operations or revenue. These goals could center on charitable giving, community service, increased chaplaincy engagement, Gospel/Bible distribution, faith decisions and commitments, or the percentage of people impacted by discipleship or caring programs.

Develop Three- to Five-Year Strategic Objectives

Focused on the next three to five years, the strategic objectives for each area of the business clarify priorities to maintain and strengthen the business and advance the greater mission.

The objectives should be as specific as possible, written as follows:

We will achieve _____ (objective)

by _____ (tactic)

by _____ (target completion date).

	THREE- TO FIVE-YEAR STRATEGIC OBJECTIVES
 <p>REVENUE GENERATION</p>	
 <p>OPERATIONS MANAGEMENT</p>	
 <p>ORGANIZATIONAL DEVELOPMENT</p>	
 <p>FINANCIAL MANAGEMENT</p>	
 <p>MINISTRY</p>	

Set the Annual Plan

Here is where we determine the goals, tactics, and indicators we need to achieve in the coming year to make demonstrable progress toward our three- to five-year strategic vision. Achieving these goals will have the greatest impact on the health and fruitfulness of the business.

Next year's annual plan will develop in three steps:

1. Boil down each of the three- to five-year strategic objectives to one-year goals, bringing clarity to what you must achieve in 2023 to stay on track.
2. For each goal, develop specific measures and key performance indicators (KPIs). Goals should be SMART and FAST.⁷

SMART **FAST**

Specific **M**easurable **A**ttainable **R**elevant **T**imebound **F**requently discussed **A**mbitious **S**pecific **T**ransparent

3. Finally, craft an overarching annual primary objective that unites your 5PAM goals under a single one-year goal.

⁷ Donald Sull and Charles Sull, "With Goals, FAST Beats SMART," MIT Sloan Management Review, June 5, 2018, <https://bit.ly/3Q062ho>.

One-Year Goals

Boil down each of the three- to five-year strategic objectives (from page 28) to at least one annual goal, bringing clarity to what you must achieve each year to stay on track. Each goal should be written as an action statement, beginning with a verb (e.g., increase, reduce, provide) and pass the “SMART” test (be Specific, Measurable, Achievable, Relevant, and Timebound). Fulfilling each of the prompts below will ensure that each goal meets the SMART criteria.

	2023	2024	2025	2026	2027
 <p>REVENUE GENERATION</p>					
 <p>OPERATIONS MANAGEMENT</p>					
 <p>ORGANIZATIONAL DEVELOPMENT</p>					
 <p>FINANCIAL MANAGEMENT</p>					
 <p>MINISTRY</p>					



Discussion or reflection:






Does the company have any urgent issues (e.g., cash flow, poor competitiveness, quality performance, sales, collections, or surplus inventory)?

What goal can we develop for 2023 that would tighten alignment between each area of the business with the strategic vision?

Measurable Indicators

Multiple methodologies argue the same proven principle: measure what matters most. For each strategic objective, we must identify how we will track progress and measure success through a measurable indicator, or a key performance indicator (KPI). Meaningful KPIs are objectively quantifiable. These indicators provide clarity to the organization’s health, inform leadership decisions, and focus work on the highest priorities.

An effective goal management system will align strategic objectives horizontally across the organization and vertically with the company’s primary objectives.

KPI EXAMPLES FOR EACH OF THE FIVE BUSINESS DIMENSIONS				
 REVENUE GENERATION	 OPERATIONS MANAGEMENT	 ORGANIZATIONAL DEVELOPMENT	 FINANCIAL MANAGEMENT	 MINISTRY
Profit per unit sold	Quality (%)	Employee satisfaction	Cash flow	Bible studies
Closing rate	Inventory turnover	Training (% of sales)	Gross profit/day	Charitable giving
% revenue/new accounts	Labor cost to sales	Employee turnover	Debt/equity ratio	Acts of service
Customer satisfaction	Research & development (% of sales)		Line-of-credit status +/-	Salvations
Marketing leads	Service-level agreements			Caring program engagement

Set targets that will yield the right results; be careful not to confuse inputs with outputs. Otherwise, the illusion of success from activity and volume can mask strategic drift or even peril. Regular monitoring of lagging indicators drives change and allows future outcomes to be improved.

Lagging indicators

measure activities that have already taken place

e.g., profit per unit sold, customer satisfaction, return on investment

VS.

Leading indicators

give insight for future performance

e.g., order backlog, unbilled revenue, number of qualified leads

SAMPLE METRICS:				
TYPE OF METRICS	SAMPLE INDICATOR	SOURCE OF DATA	FREQUENCY OF REVIEW	EXAMPLE OF TARGET
Raw numbers	Number of customers	Customer relationship management (CRM)	Monthly	50 new customers by end of year
Progress	Marketing plan 75% complete	Project Plan	Quarterly	100% complete by end of year
Change Percentage	6% revenue increase over last quarter	Profit & loss (P&L) report	Monthly	15% revenue increase by end of year



Discussion or reflection:

How can we create a rhythm of reviewing inputs and outputs to improve clarity across the leadership team?

How can we equip our team for elevated performance—sharing information, aligning goals, incentivizing achievement, measuring progress, or celebrating success?

Define the Annual Primary Objective



Discussion or reflection:

Imagine this time next year when we will be reflecting on the previous 12 months—on what was planned and what was accomplished. Assuming we prove “good and faithful servants” who executed a thoughtful annual business plan, what would you like the headline of our annual report to be in December 2023? What words would you want to describe our company’s reputation, progress, and impact over the next year?

This “headline” informs our annual primary objective—the one objective that is most critical for our companies to accomplish in the next year. It is the one unifying dominant idea that guides planning, decision-making, and progressing toward our organization’s long-term vision.



Discussion or reflection:

Unifying our multiple goals for next year, what is the single primary objective our organization must accomplish next year?

Does each functional leader and team understand how they support the overarching objectives for the business?

Form Action Plans

We are now ready for the most concrete part of strategic planning: forming action plans. Action plans—also called execution plans—translate strategic objectives into initiatives that result in strategic plan execution. They are designed to help us achieve our vision, engage our stakeholders, and prioritize our resources. This is where we bring together all of the preparatory work up to this point to ensure we achieve our commitments.

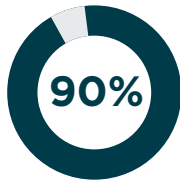
To ensure alignment, consider each goal one at a time through the lens of the other four areas of the business and the core principles. This analysis takes significant and thoughtful effort, but it provides tremendous benefit. By challenging ourselves to understand the causal links among elements of the matrix, we'll be much more likely to produce a harmonious set of objectives and action plans to achieve our vision.

Then, define the specific actions or initiatives that support each goal along with the following:

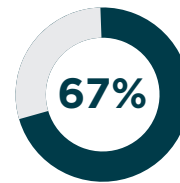
- Priority level
- Alignment with other objectives
- SWOT category
- Key measures or performance indicators
- Reporting method
- Review frequency
- Potential disruptions
- Red flags
- Needed resources
- Owner or responsible individual(s)
- Target completion

Post-Planning Execution - Look Again

Simply developing a strategic plan does not guarantee success. Research has shown...

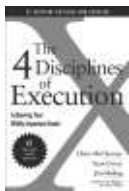


More than 90% of strategic plans are not successfully accomplished ...



... with 67% of failed plans attributed to a breakdown in execution.

Over the last 20 years, best practices have emerged in the field of execution. Some favorites among C12 companies include:



4 Disciplines of Execution (4DX) developed by Chris McChesney and the team at Franklin Covey



The Entrepreneurial Operating System (EOS) developed by Gino Wickman, author of the book *Traction*



Scaling Up (SU) developed by Verne Harnish, author of the book *Scaling Up* and *The Rockefeller Habits*

It is best to commit to one system and faithfully operate within it over time. However, while each system has unique features, all the systems agree on the following principles.

Seven Core Execution Practices



1 MISSION/VISION/VALUES – Clearly-articulated core principles give our strategic plans credibility and context. Mission, vision, and values statements serve as the foundation for an organization’s strategic and execution plans. They convey the purpose, direction, and underlying values of the organization, and focus the team on long-term organizational priorities rather than individual agendas.



2 THREE- TO FIVE-YEAR STRATEGIC PLANS – Leaders clearly articulate a preferred future for a three- to five-year timeframe. The three- to five-year strategic vision has an inspirational tone and includes motivational stretch goals. Once formulated, the plan is written down and clearly communicated to stakeholders.



3 ANNUAL STRATEGIC OBJECTIVES/GOALS – Each of the organization’s three- to five-year goals are broken down into one-year objectives and quarterly goals. All goals should be SMART and FAST.



4 KEY PERFORMANCE INDICATORS (KPIs) – For each one-year objective and quarterly goal, leaders set measurable indicators to track progress. This involves identifying and managing performance toward targets. Lead measures are the precursors of future success, and lag measures identify how successful the organization was at achieving results in the past.



5 RIGHT PEOPLE/RIGHT SEATS – For each strategic objective, leaders empower an execution team. The organization is adequately staffed with great people, and teams operate with a high degree of candor and trust. Employees understand the one-year strategic objective, their roles, the KPIs for which they are responsible, and they have the capacity to act.



6 REGULAR MEETING CADENCE – Each execution team establishes a cadence of weekly, monthly, and quarterly meetings to solve problems and report on progress. Most execution plans fail for lack of regular check-ins. If these meetings fall off the calendar due to “the tyranny of the urgent,” execution may stall.



7 SCOREBOARD – A simple scoreboard is developed by and for the execution team to visualize KPIs, lead and lag measures, and real-time progress. These can take the form of scorecards, dashboards, or spreadsheets posted in a public space to allow teams to visualize challenge areas and celebrate wins.

Action Planning Worksheet

Use this worksheet to create the appropriate action plans for each goal across the 5PAM.

Goal / 5PAM Element:

What changes are coming in this area of our business?

In the next year

In the next three years

In the next five years

Functional SWOT (specific to the function of the business, e.g., operations)

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

What is the strategic objective?

PRIORITY LEVEL			ALIGNS WITH				CROSS-REFERENCING THE SWOT, DOES THE GOAL			
Low	Medium	High	Mission	Vision	Values	Other Strategic Objectives	leverage strengths?	overcome weaknesses?	prioritize opportunities?	mitigate threats?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

KEY METRIC	METHOD OF REPORTING	FREQUENCY OF REVIEW		
		Monthly	Quarterly	Annually
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Risk Event: What are the top three potential disruptions that could hinder achieving this objective?

- 1.
- 2.
- 3.

Indicators: What are the early signs to watch for?

RESOURCES NEEDED
 Personnel Infrastructure Capital

OWNER _____ **TARGET COMPLETION DATE** _____

Example Strategic Plan Overview

Our Core Principles (page 12-15)

Our Mission

Our Vision






Our Values

Our Dominant Selling Idea (DSI)

3-5 Year Strategic Vision (To be accomplished by _____). (page 28)

2023 Annual Primary Objective (page 33)

Annual Plan (page 30)

	3-5 Year Strategic Objective	2023 Goal(s)	Action Plan in Place (Y/N)	Target Completion Date
 REVENUE GENERATION				
 OPERATIONS MANAGEMENT				
 ORGANIZATIONAL DEVELOPMENT				
 FINANCIAL MANAGEMENT				
 MINISTRY				

Appendix A – First Look

If your company lacks clearly defined core principles, use this appendix to develop them with key stakeholders like your founder, board of directors, and leadership team.

Mission Statement

Our mission statement should clearly express *why* we are in business.



Rewards & Benefits:

- Motivates owners/employees to stay focused on important, God-honoring work
- Prevents the organization from drifting into unintentional or superfluous activities
- Eases strategic decisions entailing difficult trade-offs









Risks of Gaps:

- Internal relational conflicts over the future direction of the organization
- Misalignment and ineffective use of resources
- Missed goals, targets, and deadlines

Example: Transforming lives by repairing homes for low-income families and sharing the hope found in Jesus Christ

A mission statement should be:

-  **Inspirational and motivational**
-  **Short and memorable**
-  **Arbitrating as an effective decision-making tool**
-  **Personal or visceral, reflective of the owner's heart**
-  **Kingdom-oriented, conveying a clear sense of ministry**
-  **Timeless**

Our mission statement will be:

Vision Statement

Our vision statement should point to a state or a condition that is actionable and inspirational.



Rewards & Benefits:

- Clarifies corporate aspirations, the projected state of the organization, and how to fulfill future needs and expectations of customers
- Creates a challenging yet tangible target for the team to achieve
- Guides clear and compelling strategies that distinguish the company from competitors



Risks of Gaps:

- Confusion about different ways the company can fulfill its mission statement
- Dispersion of team energy across multiple targets, diminishing the ability to achieve any of them
- Increased turnover as employees lack motivation
- Potential to derail efforts that are working toward strategic goals

Example: Repairing homes and restoring hope in communities nationwide

A vision statement should be:



God-sized and beyond our ability to achieve apart from Him



Passionate and conviction-based



Clear and specific, possibly including geographic, numeric, or financial components



Glorifying and honoring to God

Our vision statement will be:

Core Values

Core values dictate behavior within an organization and how we interact with each other. They also guide which strategies we employ to fulfill our mission and vision.



Rewards & Benefits:

- Establishes the “rules of engagement” for relationships with stakeholders
- Creates an intentional culture that brings enjoyment, contentment, and engagement to the work environment
- Enables strong recruiting, hiring, and firing decisions








Risks of Gaps:

- A breakdown in corporate culture and the onset of a “Wild West” mindset in which anything goes
- Unrest, conflict, ethical dilemmas, and moral failures
- Driving away the best team members

Examples:

- We are compelled by the love of Christ.
- We uphold the dignity of all people.
- We enjoy serving.
- We improve the community.
- We act responsibly.

Core values should:

-  **Serve as an internal compass for decision-making**
-  **Identify inherent character traits that resonate with the core business functions**
-  **Transcend the circumstantial**
-  **Unite behaviors across the entire company**
-  **Reflect the values of Jesus and express the gospel**

Our core values will be:

Dominant Selling Idea (DSI)

Our dominant selling idea is our well-defined and sustainable competitive advantage or unique selling proposition.



Rewards & Benefits:

- Recognizes the unique way in which God created us to best serve those in our circle of influence
- Capitalizes on the resources God has placed in our hands to do the work He has called us to do
- Engages our creative minds, which reflect our God-given character



Risks of Gaps:

- Getting lost in the noise of competition
- Overpromising and overextending
- Lack of sales and increased customer turnover as cost drives decisions

Example: We efficiently turn dollars into warm, safe, dry, and healthy homes and despair into hope.

Our dominant selling idea (check all that apply):

✓



Defines our unique skills, services, or resources in the marketplace



Sets us apart from our competitors



Focuses our energy on what best serves our customers



Defines the reason customers buy from us rather than from others



Defines our core strengths and competencies

Our dominant selling idea will be:



www.joinC12.com