



Forget Strategic Planning— Here's How to Get Better Results

Steve Sanduski: Hello everybody, and welcome to On Your Mark, Get Set, Grow. This is the podcast of CEO Coaching International, and I'm your host, Steve Sanduski. In each one of these episodes, we bring you conversations with top entrepreneurs and CEOs from around the world.

Today, we're going to be talking to Sheldon Harris. Sheldon is a highly successful entrepreneur and leader who also happens to be an executive coach, entrepreneur coach here at CEO Coaching International. Among Sheldon's many highlights in his successful career, he was the president of Cold Stone Creamery and led the company as it grew system-wide revenue to half a billion dollars, 1,400 stores, and 15,000 employees worldwide.

Sheldon, hey. It's great to have you back on the podcast.

Sheldon Harris: Thanks, Steve. It's great to be here.

Steve Sanduski: Sheldon, this is going to be a timely conversation because we're going to be talking about the annual planning process, the strategic planning process. As we come up here at the yearend, this is a great time for companies to be doing that, and you have tremendous experience in this both as a leader of a company who has implemented this process and then also as a coach at CEO Coaching who actually facilitates these mediums on behalf of companies, so looking forward to the conversation here.

Why don't we just start out and have you talk about why should we even go through a strategic planning process? It may sound obvious that you should, but some people might think, "Gosh, in this day and age, you really can't have a strategic planning process because things are just changing so quickly. The minute after you complete your plan, things are going to change because the world just changes so quickly." Why is strategic planning and annual planning still a relevant process?

Sheldon Harris: It's a great question, Steve. You're right. Things have changed a lot from the day and age where strategic planning was all the emphasis, but I'm a much bigger fan these days of what I'm going to call "execution planning" or the annual planning process. Of course, you want to have a general strategy, but your point, things are changing rapidly, but that doesn't mean that's not critical that we go through execution planning session on a regular basis.

The whole purpose of that is to be sure we're clear on the outcomes we're wanting to drive, and then we're aligning resources and efforts against those outcomes. Without going through an intentional planning process, there's no chance of that happening.

Steve Sanduski: Okay. Do you advocate that this execution planning process as you call it, is this something that should be done like in November, December of the calendar year, and then you have quarterly updates, or what's the rhythm of these meetings that you recommend?

Sheldon Harris: Yeah, that I would say is ideal is beginning ... Leading into each fiscal year, do this type of a meeting, and then quarterly review of where it's at, and statusing it, and tweaking it as needed and as things change. Having said that, I always encourage CEOs. Don't just delay having a planning session until the beginning of your next fiscal year. Any time is the right time to do it if you don't currently have one that's serving you well.

Steve Sanduski: Okay. Now, let's talk about the actual process of the meeting itself, so let's start with the annual planning meeting, this execution meeting. Let's walk through the agenda. How does that work?

Sheldon Harris: Sure. I'm a big fan of "Keep It Simple Stupid," so it's all about trying to make this as effective as hopefully this session makes your teams functioning over the year ahead, so this ... I believe that the first thing that has to happen is some very effective pre-work for the participants, and I should be clear.

When I'm talking about participants, I'm looking ... Ideally, we're going to have eight or 10 of the key leaders in the organization participating in this planning process, and we're going to ... Before we even come together, we're going to solicit their individual answers to a few very important questions. Questions such as, "If you think back over the last year, what went right? What went wrong? What did we learn?" Questions such as, "From where we sit today, what are our greatest opportunities, and what are our biggest challenges?"

Having them individually contribute their answers to these, I like them having somebody combine all those answers under each question. As we read a question, "What went right in the last 12 months?" Now, we're seeing everybody's answers to that question without their names. I just want to have it generalized, and wherever an answer is similar, is more than repeated more than once, simply list it

one time, and then the brackets at the end denote how many people made a similar comment, and then force-rank those answers underneath each question from where there's the most commonality to the least.

This then is something that is reviewed by all participants a few days before the planning session, so when we walk in, we've already had ... We don't need to have to spend a whole lot of time on discussion around this critical level setting questions that help us frame up our session.

Steve Sanduski: I think that's a great point where you have the folks do this ahead of time so that when they actually start the meeting, they can hit the ground running, and you don't have to do all this pre-work during the meeting, so that makes the meeting itself super effective. What would be next on the agenda?

Sheldon Harris: Yeah. We come into that meeting. We're going to hit the ground running. The first thing we do is spend a few minutes ... I'm going to call them "reflections" on the consolidated pre-work because I want to make sure we ... Things have crystallized in our minds as we reviewed the consolidated work and looked at where our own answers either aligned or misaligned with others, and some real point of clarity typically occur to the participants in that process, so we'll spend a little bit of time on that.

But then, I want to dive right into, "Let's set the objectives for the ... Let's agree on what the objectives are for the coming year, so what does success look like in the year ahead?" Typically, those are going to be specific and measurable outcomes. Often, covering things like revenue, gross margin, profitability. It could have other key metrics like customer satisfaction, employee satisfaction, market share, but the specific outcomes of where we're going to strive for in the coming year, that's step one.

Steve Sanduski: Sheldon, let me ask you a question there. When the company is setting these goals, and let's say the goal is to have a 30% increase in revenue year over year, do you have any sense for how big of a goal they should set? Meaning, let's say 30% that they would have a 50% probability of hitting that 30% growth rate. Do you have a sense for how big of a stretch these goals should be or what the probability of achieving the goal should be? Where's that balance in there between it's high enough that it's a stretch and it'd be great if we hit it, but perhaps not too high that we only hit it one out of every 20 years and everybody is demoralized?

Sheldon Harris: Yeah. It's funny because most high-achieving CEOs want to aim big, and I'm a big fan of that, but if you make it so big that it's unrealistic and people can't really buy in to it and believe it's possible, it does demoralize folks. For the purpose of this planning session, I'd rather have the goals be things that are ... we believe collectively are achievable and we're excited about. We're excited about the thrill of victory we're going to feel when we achieve those, so that's how I like to approach this.

It's for the purposes of this planning session. This sounds odd, but I don't care about those specific answers yet as much as I care of directionally what they mean. In other words, I don't want to spend a lot of time and debate on, "Are we going to grow by 30% or 20%?" and spending time in data analyzing past trends and future performance. That's not what I want to use our precious time and this day for. I'd rather we just said, "For now, let's just call it 30% is our objective. We'll validate that and refine it as we go through a subsequent budgeting process, but for the purpose of our execution planning session, we know directionally where we're going."

Steve Sanduski: Okay, and then once you have identified what some of these high-level goals are, do you go through a process of trying to prioritize those, or how does that work?

Sheldon Harris: Okay, so this is where the fun begins. What I like to do is set those goals and take those ... have them on a big white paper, rip that paper off, stick it on a wall over there, and I call that our "North Star" at least in the Western Hemisphere aspect. That's where we're sailing towards. Now, now, let's talk about what are all ... I call them "key initiatives." What are all the key initiatives that we could undertake in the pursuit of those outcomes? What are all the things we could do?

It's fascinating to me, Steve. What happens is most of my clients, as we're going through this process, we'll come up with literally 25 to 30 initiatives that we could undertake in the pursuit of those outcomes. In many cases, we may already be trying to undertake some of those things, and that's part of the problem. We're trying to do all 30 instead of focusing on just the most important, and we feel like we're not getting any closer to those goals.

The idea is I always say, "Divergent thinking before convergent thinking," and in this next ... This particular segment, we're talking about divergent thinking where we're asking, "What could we do? What initiatives and projects could we undertake to drive those outcomes?" The follow-on to that, the second then from that point where I'm going to say, "Convergent." Out of all these 30 hypothetical things we've thrown up here on the whiteboard, what could ... Now, we're going to switch to, "What should we do?" So, not from, "What could we do?" to, "What should we do?" and we're going to through a process that I'll talk to in a moment about narrowing that down to our top five.

Steve Sanduski: Okay. That's where I wanted to go with you was, how many of these higher level initiatives ... I think you said like 25 to 30 you may come up with, but then the bigger goals like grow revenue 30%. Are you talking three of those big goals to five, 10? How many big goals are we talking about here?

Sheldon Harris: I'm not as worried about how many of those big goals we have because again, that's defining the direction of where we're trying to go. Typically, we're going to have anywhere from three to six big goals. Those are those big outcomes that we're shooting for, but now, I'm really going into the execution of the organization of how we're going to orchestrate efforts and align effort to achieve those

outcomes.

Now, I'm really looking at these big chunks of resources that are going to be required to drive certain things forward, so what I'm looking at here when I say, "Let's brainstorm all the possible key initiatives we could undertake," these are ... What I'm really trying to do is identify the things that are going to consume our money, our time, our focus, our people, and get all those up here for consideration.

Steve Sanduski: Okay, so we've got all those identified. Then, how do we start narrowing this down, or what's the next step in the process?

Sheldon Harris: An important turning point here. What I'll often say to the group is, "Do we have currently enough organizational resources to achieve all 30 of these things?" Of course, the obvious answer is no. I've never had a group say, "Yes, we can do all those things." By definition, we can't do them all, and now comes the difficult, difficult part of our convergent thinking where we're going to boil these things down to just the top five, knowing that if for some reason, we crush those top five out of the park and get them done, we can always go back and add more to the to-do list.

The trouble is it's very hard to go back and take things off our to-do list, so let's start with the top five. I'll basically give ... Let's say we have 10 participants in the session. Everybody gets five votes, and I ask them to choose. "If you can only choose five off this list, on a paper in front of you, work through the exercise and identify the top five. You don't have to put them in a ranked order yet. Just choose your top five."

Everybody gets their five, and then I'll literally do show of hands, write down as I read through the top, the 30 possibilities, and we'll identify ... Everybody can only vote no more than once for each item, so when I'm all done, there's 50 votes up here on the sheet. Usually, there's great consensus around a couple of those key initiatives that have been listed on the board. Is that making sense?

Steve Sanduski: It does, and so you go through this process. You've identified which of the initiatives get how many votes. You rank them then in terms of ... from most votes to the least votes, and then how do you window down the process from there? Maybe there are some obvious ones and everyone agrees, but what happens if it's not so obvious? I can imagine it's necessarily a democracy. Does the CEO step in, or where if there are some questions as to what they really need to focus on, how does that decision get answered?

Sheldon Harris: Yeah. You raised a good point with that. I will often tell the group, "This is not a democracy." In fact, I like to call it a "benevolent dictatorship." It's benevolent by the very fact that we're going through this democratic process, and the ownership of the organization is eager to hear the input of the leaders, but in the day, ownership is going to need to make some decisions. In most cases, those will align with the recommendations of team, but don't make no mistake. They don't have to

do that. They were making a recommendation to the owners.

In terms of this identification process we're going through to prioritize, all I've done when I've asked everybody to do their first session of voting, I typically will find a couple of those ... A couple of the impossible initiatives have significant agreement within the team, so I'm going to circle those and basically make those ... call those "safe." They're going to be taken off in consideration. They're basically in the safe final five.

Then, I'm going to reload everybody's votes again, and maybe I'm going to give them three or four votes this time and let them vote a second round. They no longer need to spend a vote on those top couple vote-getters that are already deemed safe, and I also omit any of the key initiatives that only got one or fewer votes, so we're forcing consolidation of the second round of voting into just all of those that were in the middle ground. They weren't the highest vote-getters, and they weren't the lowest vote-getters. Does that make sense?

Steve Sanduski: Absolutely. Okay, and so now, we've gone through that process. At this point, do we have the final list that we want to work with for the year? I guess along with that, are these goals that we're talking about here, are these one-year goals? Could they be multi-year goals?

Sheldon Harris: I try not to call these "goals" so much as "initiatives" because these are the activities that are going to drive us towards the goals which is another word for the outcomes that we identified in step one.

Steve Sanduski: Okay.

Sheldon Harris: These are the activity ... The big chunks of activities we're going to drive. In most cases, that North Star we set and those outcomes we want is for the ... for 12 months from now, for the coming fiscal year, so these initiatives we're contemplating, they can be less than a year. They could be a year. They could be longer than a year, but they're going to be what we deem are the best five drivers to move towards those outcomes.

As we finish this second phase, I've identified the first two vote-getters in the first round of voting. Now, I've rounded it out with five, or now, I've added three more based on the second round of voting, so now, we've got our top five. At least through the democratic process, we've identified our top five.

From there, what I'm going to ask the organization to do, the leadership team is to force-rank those top five. This is a little bit of a painful process, but ... and I won't belabor the point, but the whole idea is I'm going to get everybody to force-rank those one through five, I'm going to have a similar way of gathering information from them, so I accurately consolidate their input, and we're going to end this section with one through five. If we could only get one thing done, here's our number one most important initiative down to number five, and we have agreed

that these five are the ... If we can only do five things, these are the five most important things that will allow us to achieve the outcomes we identified in the first step of the exercise.

Steve Sanduski: Okay, and then how do you decide who owns these initiatives? Who is responsible for making sure that these get executed?

Sheldon Harris: You're reading off my playbook because that's exactly the next thing we do.

Steve Sanduski: I swear I'm not.

Sheldon Harris: No, that's spot on, Steve. The next thing we want to do. I always say, "Shared ownership is no ownership. Shared ownership is no ownership." Usually, what falls down is well-meaning teams think, "Well, we're going to co-own something." That doesn't get us over the goal line, so once we have our five and they're in ranked order, that's the next step. Who is the rightful owner out of the leadership team to own each of these one through five?

I want a single name next to each one, but it's not one of those things where nobody can own more than one, so we have to be like try to spread the wealth. It's who the ... What function area should rightfully own each of these five? Sometimes, that leads to the real a-ha that we have certain functionaries of organization that need more resources, and we probably need to divert resources from others in order to make sure that those areas of the company that are driving the key initiatives have all the resources they need to get that done, so assigning owners is the next step.

Steve Sanduski: Then, I'm going to imagine ... Again, I swear. I'm not looking at your ... any sheet you have there. Do we have to decide the timeline here in terms of when this is going to get done? I know we're looking at annual goals here, but are there milestones along the way that we need to be tracking?

Sheldon Harris: Yeah. You and I obviously do think a lot alike on this. From here, I'm going to ask now each owner of an initiative. I'm going to pair them with somebody around the table that didn't own an initiative, so we're in little groups of two or three where possible. If we only have a small team and there's only five, then this is impossible, but the idea is little small groups through a little group thinking, and I'm going to let them each spend about 45 minutes to an hour in their little group of two or three, and they're going to do a few specific things.

The first is they're going to come up with a clear statement of what the success look like for the achievement of this initiative. Steve, you'd be amazed at how many times we're looking at an initiative stated in a few words, and we think that means something different, so I want the owner of this initiative to be able to state it clearly, so that the whole team understand what does success look like in terms of the achievement of that.

The second thing I want them to do is identify in stage-gates, quarterly stage-gates how will we be tracking ... What will success look like at the end of one quarter, two quarters, three quarters, and for the year for this initiative? Understanding that some of them may complete prior to the end of all four quarters. Some of them may not be fully complete even at the end of four quarters, but I want the quarterly stage-gates set for what will we think success would look like in each of those.

The third and final piece is I want the owner of this initiative to think through what kind of resource and support are they going to need from the other function leaders in their leadership team in order to ensure their successful completion.

Steve Sanduski: Okay. Is that the end of the process, or is there more steps here?

Sheldon Harris: There's a couple follow-ons, last one here. Basically, we're bringing ... Now that the owner ... We all come back around the table again. The owners of the initiatives from one down through number five now share their vision of success for their ... the key initiative they own. They're also hearing the quarterly stage-gates.

Importantly, they're telling the collective team what they're going to need in terms of support from each of those other function areas, and this is where I really challenge all the people around the table to listen with your critical thinking hat on as they're sharing, as the owner is sharing what they're going to need as it relates to your department because the final step of this is figuring out, department by department, what do we need to be doing to support the successful achievement of these top five initiatives? We got that ... As we finish that, Steve, now, each function leader around the table, those have a good sense of what they're going to need to execute on in order to ensure the company achieves those top five key initiatives.

The final piece of our planning process is each function leader now is going to work for a period of time identifying specifically what needs to be done in their function areas to support that, and I like to say accountability questions of, "Who will do what by when?" Meaning, establishing their first quarterly goals for themselves, and which key things ... tasks need to be done by others in their organization? We're really getting this down. The final outcome of this entire process, Steve, is clarity throughout the organization on how each member of the team contributes to the success or achievement of this objectives we've set.

Steve Sanduski: All right. Let me ask you just a few operational questions here. Before I do that, anything else to the actual process that annual planning meeting that you want to mention?

Sheldon Harris: No, that's the general. That's a 10-hour process boiled down into 15 minutes right there.

Steve Sanduski: All right. We'll have that in the transcript too, so everyone listening here, you don't

have to take detailed notes. You can actually get it in the transcript. Just a few maybe logistical questions. One is the location. Is this a meeting that is typically held in the company's office, or do they go offsite so that maybe they don't have as many distractions?

Sheldon Harris: Yeah. I strongly recommend taking it offsite. It even changes the way you think. When you're walking through the same parking lot, walking through the same doors, up the same stairs that you do every single day, it almost sets your mind in a place that I don't want it to be for this planning session. I want the blinders off, so I highly recommend even if just across the street, get a venue that is not in the office.

Steve Sanduski: Now, Sheldon, do you think that these meetings should be facilitated by an outside third-party, or do you think they could be just as effectively handled with someone in-house? If it is in-house, who would you recommend to actually facilitate the meeting?

Sheldon Harris: Steve, I passionately believe you got to have an external facilitator for this, and I say that not just because I do it as a CEO coach, but even as a CEO myself, I saw a marked difference when I had external resource doing this. It really opens up the group to say what's on their mind. It allows the facilitator to ask and say some really stupid things that if it's the CEO was saying those things, you might be a little nervous about, "Were we in good hands where the company is going?" An outside facilitator I think is absolutely necessary.

Steve Sanduski: Okay, and then how is the outcome of this meeting communicated to the rest of the organization? At what level do you communicate? What level of detail do you communicate to the whole organization, and how is this message spread so that the rest of the organization is on board with what the leadership team has decided?

Sheldon Harris: Right, so I believe that sometimes, shortly after the annual planning process, you got to have an all-hands type of a meeting, and whether that's done ... Whether it's a multinational doing it through WebEx or however you're going to achieve this in your organization, you got to have a way to communicate across the entire organization, how we've identified our top five initiatives that we believe are going to drive the results we're striving for.

I strongly believe from this moment on, every time those top five initiatives are referred to, the leader who owns each of them should be the spokesperson for that initiative, so their voice, and face, and energy become synonymous with that particular initiative, so they're ... Basically, every time they're updating the overall team or sharing those initiatives, it's in rank order or one through five of the initiatives with that owner speaking on its behalf.

Steve Sanduski: Okay. What mistakes have you seen people incur as they go through this process?

Sheldon Harris: The biggest mistake is, typically, in a planning process, is everybody is in the room for a whole day or two, and they get all these re-directional ideas, but when they get back to the office and the rubber meets the road, there wasn't clarity on who is going to do what by when. There was no clear accountabilities and the ... Although they talk a lot of good directional stuff, nobody left that room with clarity on what they had to do to help drive them. Let alone, how they were going to engage the specific efforts of their teams to contribute to that effort, so that's probably ... That is hands down the number one most common pitfall we fall into when we're doing planning sessions.

Steve Sanduski: Then, how do you strike a balance between following the plan versus realizing we need to pivot because something significant has changed in the environment? I know that's probably a hard question to answer, but this whole idea of pivoting is something that I think has become popular here in the past few years, and so do you have any thoughts on how you strike this balance between, "Hey, let's just continue to follow-through with the plan," versus, "Okay. Something has changed here during the course of this calendar year, and we need to scratch that initiative that we have, and we need to do something else?" Any thoughts on that?

Sheldon Harris: I do have thoughts on that. What's interesting, Steve, is currently, I coach 32 CEOs in nine countries around the world, and what I find is often ... As often as people don't pivot quickly enough, it's equally frequent that CEOs want to pivot too often. It's very easy to just chase the next idea, and we just spent a whole time laying out this plan, and now, all of a sudden, the team is thrown for a loop when we're going to make a pivot. What I believe the clear best practice for me is it's a quarterly cadence of evaluating, "Are we on course, and what corrections do we need to do?"

For the next 90 days, we're going to be doing a 90-day sprint towards the stage-gates we agreed to on all of these key initiatives and borrowing something major, a true major emergency in the marketplace. That's where we're going to go, and when we get to that 90-day point, we're going to have ... We're going to previously arrange probably a half-day for this leadership team to come back together. It doesn't necessarily require a facilitator now for this portion, but the idea is that leadership team coming back together and saying, "Based on what we thought we were going to do, are these still the right top five? What's the progress and status of these top five, and what adjustments need to be made?"

Steve Sanduski: Okay, and so if you go through that process, then that will help you decide whether you need to stay on track or whether you actually do need to pivot. Of course, I think having someone like you, having a coach like you can really help facilitate that, and draw out, and just make sure that the team is not just gravitating towards the shiny new object that quarter.

Sheldon Harris: Yeah, and it's so tempting to do, right? It is so tempting. The very thing that lets us usually launch our company successfully and build it to a certain level was that ability to react quickly to what the market the needs were and adjust, but that is

the very same thing that can become a detriment to us as we try to scale our organizations by reacting too quickly or not with enough forethought and particularly alignment of the team. That quarterly cadence I found is the perfect blend of being reactive enough, but not overreacting.

Steve Sanduski: Excellent. We're talking about pivoting, and I'm going to pivot here, but before I do that, is there anything else that you want to add here about the annual planning, the execution planning process?

Sheldon Harris: Sure. The only thing I would say is this is like as fundamental as brushing your teeth. You got to do this. Hands down, your company will be more successful if you're following a structured intentional annual planning process, and the key takeaway on this is don't focus as much on strategy and concept. Focus on execution. Focus on, "How clear is my team going to be on knowing where we're going and knowing specifically what they need to contribute to the successful achievement of that outcome?"

Steve Sanduski: Good. All right. Great. Great advice here. All right. Let's jump into some rapid fire questions here. Sheldon, I know one of the things that's really important to you is this concept of leadership, and you've had some great experiences as a leader over the years, so let me ask you this. Who has had the greatest impact on you as a leader?

Sheldon Harris: Probably the greatest impact for me was Jim Sinegal who was a longtime CEO of Costco, and I was there for 13 years right out of school up to becoming a warehouse manager in that organization. Jim Sinegal had an amazing way of simplifying the complex. If you look at Costco's success, it's really about operational excellence at a fundamental level that allows them to do so well, and those lessons he taught me or that I learned from watching him have served me so well over my life and certainly, have impacted the lives of the CEOs I coach.

Steve Sanduski: What is one leadership trait that brings success?

Sheldon Harris: One leadership trait that I found that brings success is ... It's that old adage that Theodore Roosevelt made famous with this quote, "People don't care how much you know until they know how much you care." For leaders ... If I look at leading, our success is purely related to how passionately are people following us. If we can't inspire followership, then we're really just out for a walk. There's nobody following, but to the degree we can inspire followership, and that is best done by the team understanding how much you care about them. Now, importantly, that doesn't you care for anyone individual more than this collective success of the mission, but they know that you care about them.

Steve Sanduski: On the reverse side of that, what's a leadership trait that you think kills success?

Sheldon Harris: One of the ones that I see most common, Steve, is often, leaders have a certain amount of ADD in them, and they're distracted. They can't hold their attention

span, and so it really relates to the first thing I just said, but one of the most ... The biggest buzzkill I think for leadership is not being present when you're with your people, or when your people need you, or when you're in conversation with your people. I think not just showing up physically, but showing up mentally and emotionally is key.

Steve Sanduski: Awesome. Sheldon, as always, it's great to catch up with you. You've shared some great information with us here in just talking about that whole annual planning process, the critical idea that we actually have to execute on this planning process if we want to get anything done, and we will have ...

Sheldon Harris: Bingo.

Steve Sanduski: We'll have some detailed show notes for this, so make sure everyone listening here, you got to ceocoachinginternational.com. You can check out the show notes. You can also get the transcript of the conversation. Sheldon laid out a great layout here for the annual planning process. Again, Sheldon, thanks. Appreciate it, and we look forward to the next conversation.

Sheldon Harris: Thanks, Steve. I enjoyed it.

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