Mark Moses On…
Using the Annual Planning Meeting to Deliver Extraordinary Results

Steve Sanduski: Hello everybody and welcome back to On Your Mark, Get Set, Grow. I'm your host Steve Sanduski and joining me today is Mark Moses. Mark, as you all know, is the founding partner of CEO Coaching International which coaches high growth CEOs and entrepreneurs around the world. Mark, welcome back to the show.

Mark Moses: Steve great to be back here with you.

Steve Sanduski: Well Mark, we've got another great topic here that we want to talk about and that is the strategic planning process or the annual planning meeting. You, I believe, have hosted over 200 of these in your career so you really know how to make these things work. If you could here, let's just start talking about what is the annual planning meeting and why should firms be thinking about or actually executing on an annual planning?

Mark Moses: Great question. The annual planning meeting, Steve, is a time where the management team, or leadership of the company, get together through a best practices process to plan for the upcoming year. Why that's important is because if you don't have a plan, most certainly you won't know when you get to wherever you think you're going to get to because you haven't defined what that clearly is.

Steve Sanduski: If you do a planning meaning, I would imagine you could either facilitate this internally so have one of your own folks facilitate or you can hire someone from the outside, a third party. Like I said, you've done over 200 of these so what's your take on whether firms can do this internally or whether they should hire a third party facilitator?

Mark Moses: They can definitely be done internally yet I don't think it's a best practice because the typically the CEO would lead the planning session if it was done internally which now the CEO becomes a facilitator rather than a participant and also will probably be emoting their own ideas and influences to try to get what they want as opposed to letting the natural process take place. What people begin this process and you ask people what they typically want to get out of a planning day, they almost always say the same things which is: I want to get aligned and bought in with everybody here in the room to determine where we're going this coming year, all for one, one for all, we want to know what the goals are, how we're going to make it happen, who owns what, talk about what our wildly important goals are for the year really bringing everybody together. I like to say I like sausage but I don't like see it being made. I think here in this process people want to be part of making the sausage because then they feel like they own it and they've put it together they've bought into it. Now we walk out of the meeting. We go back to our respective departments. We're all aligned. We own it. We're bought in and we believe it.

Steve Sanduski: So how about the logistics here? Are these one day meetings, half day meetings? Are they typically held onsite or do people go out of the office, go out of town go out of state for these meetings? How do you typically work those?

Mark Moses: I've got to experience many of these. Some of my favorite ones are where we go somewhere fun and spend a couple of days, maybe two and a half days we do a day and a half of work, a half day of team building and then have some fun in the evenings. Those are my favorite. Those can come with additional cost having to fly members of the team all out to a certain place. Some of them drive somewhere closer. For example, let's say you're in D.C. and you're going to drive out to maybe Virginia, go stay at a nice hotel, maybe the Salamander Resort, have a little offsite there which isn't far away, maybe 40 to 45 minute drive for everybody, but now we're offsite for that two, two and a half day period.

I think that's better than being in the office because in the office you're not outside your environment. People can still interrupt or distract you. I just think it's good to get away from the business and be thinking about the upcoming year and it's something that's not the same old same old of what I do every day in my same building, my same conference room where I have the usual meetings that I usually have.

Steve Sanduski: Yes and I think that makes great sense. I know in some of the companies I've been in over the years we've done meetings like this and we would go offsite. We would go way out into the country out into the woods and find a place that's really secluded so you're going to get away from all the noise that you would have in the office and just give you an opportunity to decompress a little bit and really stay focused and clear on thinking about these big strategy items. So, Mark -

Mark Moses: Steve, in my company we used to go away. We wouldn't go that far most of the time. It might have been an hour flight or a couple of hours drive maybe from where I live in Orange County California heading out to Palm Springs or an hour and a half drive down to San Diego or an hour flight to San Francisco or a two hour flight to Cabo to get together and do these. They were quite effective to do that.

With my own clients, we've done meetings in Puerto Rico, Miami, Cabo, Cozumel and looped in some fun. We've done some triathlons as well as part of our team building, some scuba diving and we've just tried to build in that team building component. We even all stay in the same home and it just makes it more fun.

Steve Sanduski: That sounds quite enjoyable but also gives you the ability to get some stuff done. That's good. As you know Mark, for the podcast here with CEO Coaching International we really want to give some specific things, specific ideas people can actually take and implement. It's just theory we're talking about here so let's start getting into some nitty gritty here as it relates to how do you actually run an annual planning meeting? I mentioned earlier you've done over 200 of these. You've got it down pat so start walking me through a step by step. What should firms do if they want to put together an annual planning meeting and get a lot out of it?

Mark Moses: Best practice would be, give everybody something to prepare in advance of the meeting. Let me go through a list of what everyone participating in the meeting should prepare in advance: what went right over the last 12 months, what went wrong, what did we learn, what are the biggest opportunities in front of us, what are the biggest challenges that we're currently facing, how did we do compared to how we said we would do? I also believe it's important to have everybody fill out the crystal ball exercise which looks at the year ahead. So, imagine it's December 31st, the end of the upcoming year and we ask everybody to describe the year ahead of you based on the crystal ball's prediction. The year has come and gone and we rocked because we achieved the following specific and measurable outcomes and everybody would list what those are.

The second step in the process is, I like to say is, where the rubber meets the road because it's a hard question. We ask them what are the top five things ranked in order that are specific and measurable that made it such a great year and these are the activities that led to the results in the first question. We'll say people can often do well, most of the time not all of the time, in question one. They usually do quite poorly in question two because they struggle with what the specific and measurable activities are that will lead to the result that we wanted in question number one.

Steve Sanduski: Now, let me ask you a couple of questions here. First of all, who should be in this meeting? What level of the organization is typically in an annual planning meeting?

Mark Moses: Anybody in the C-Suite should be in the meeting so CEO, CFO, COO, CTO, CIO, Chief Compliance Officer, Head of HR, Head of Sales, Head of Operations anybody leading a material piece of the business ought to be in the meeting and heads of divisions. There might be eight to twelve people in a typical meeting that I have done. I've done them as much as 28 which I think is way too big and I don't recommend doing that because it's easy to get distracted and then the CEO, or ownership, typically doesn't want to have all the transparent conversations that you might in the group of eight to 12 or 15 people.

Steve Sanduski: The second question here was you just went through a whole list of questions that some of these, I think, you wanted people to prepare ahead of time. When you're in the meeting, do people, each of the persons take turns sharing their answers? Do you put those up on a board or what happens? What do you do with the answers they've given to these questions?

Mark Moses: I'm glad you asked that question. What I like is everybody sends them into the central person, their answers to these questions, what went right, what went wrong, what did we learn, biggest opportunities in front of us and biggest challenges and then somebody consolidates all of that information so that we don't have to hear the same answer and be redundant about it. We usually don't get into discussion on those topics right here at the beginning of the meeting. It's moved rather quick. In about 20 to 30 minutes we could cover: what went right, what went wrong, what did we learn, what are the biggest opportunities in front of us, and what are the biggest challenges. It's a consolidated list. It just frames where we are and I'd like to say that I enjoy stirring the pot a little bit in these meetings to try and create the alignment.

That will then move us into everybody would then present their own crystal ball exercise. It's really interesting to hear the different input. Some people they get it and some people they really don't. Some people are thinking about it only from their own perspective. Some people might be thinking about it from too much of a grand perspective and not taking into account some of the realities that exist like can we afford to do all these crazy things to achieve what we want to achieve?

Steve Sanduski: You've done the crystal ball exercise. What's next?

Mark Moses: The next part of it is I like to ask the three provocative questions which are if we were to start a new company that would compete with the company we have today, ask the following:

1. What would you stop doing that you're doing now?

2. What would you start doing that you aren't doing now?

3. What would your new company do to try to put your current company out of business?

The way I like to facilitate that, dependent on the size of the group, each person will answer them individually and then we'll put them into groups and have them negotiate with each other. Let's just say there are 12 people in the room. I'll put them into three groups and have them come back with a united answer and then have each group present.

It does a couple of things. One of them is it gets them to think through those questions. Additionally, there is some team building that's going on because I like to put them in groups of people that they don't normally interact with on a regular basis. It's good team building and a good opportunity to listen and hear each other's perspectives.

Steve Sanduski: What happens if this new company they build is better than the company they have today? Has that ever happened?

Mark Moses: It happens all the time. Typically there's all this stuff we're doing today that there is no way we would do in a new company. It's all legacy stuff. We're doing it just because we've been doing it for a long time. Then there's other stuff that well, we should be doing all that stuff if we were to start all over. Why aren't we doing all that stuff? Of course, we would do that stuff if we were to start a new company.

Then if we were to compete with us that can be really hard. We're really being ... really looking at ourselves and being tough on us because we know what our weaknesses are and how we would compete with us. That can be quite painful, but a reality to think about how we could potentially put us out of business based on what we know about us.

Steve Sanduski: So, Mark, you're the facilitator of this meeting. How hard do you push the team to say hey you've now told me: what you would do to put your current company out of business, what would you start doing that you aren't doing, you've identified all this legacy stuff that if you were starting over today you wouldn't continue. How do you know how hard you can push to get the people to start doing some of these new things?

Mark Moses: I think that's where you've got to use your experience in what would I do if I were the CEO of the company, or if I were a board member? Probably the easiest way to think about this is here's where we are today. Let's call that Company A. Let's design where we would like to be and we'll just call that Company B. Usually the gap isn't that far. It could be but it might be a material change but getting from A to B is a question that ultimately gets asked. We would spend some time asking the question how do we get from A to B and what would be the impact of getting from A to B? What impact would it have on us, on the company, on our position in the marketplace?

Steve Sanduski: Okay, you've done the crystal ball. You've asked these three provocative questions. What comes after that?

Mark Moses: After that I would like to know where the firm would like to be three years from now. What do they think it will take to guarantee they make that happen? What's going to stand in the way of making that happen? How can we overcome what stands in the way? Again, we're stirring the pot some more. After we do that, if we know where we want to be three years from now, and I think three years is way long enough as if our listeners have read or listened to any of our topics on disruption, three years is a long plan because the world is changing really really fast these days. If we know where we want to be three years from now let's roll it back to one year. Where do we want to be one year from now and what are our WIGS, as Covey and McChesney talk about in their book The Four Disciplines of Execution, what are our wildly important goals for this coming year?

I'll give you an example we did over at a wireless that was one of the largest Verizon dealers in the country. So, we came up and I went through this process of having everybody write down what their wildly important goals were for the year. They came up with this group of 23. I don't want to have 23 ... imagine 23 important goals. So we go through a process of narrowing it down to three and getting the whole team to buy into this process of three. Once we have three we can then build what are the top five initiatives on each one of these that will drive the result we want. We want these to be leading initiatives or leading indicators as opposed to lag initiatives, which would be, well, I'll give you an example.

A leading initiative might be how many calls we need to make to drive people to seminars such that we could set up so many prospect meetings so we have the chance to ultimately close them. Or, the number of leads ... how much money we need to spend to drive the number of leads that would drive to demos that would ultimately drive to trials that will ultimately close the number of deals that we want. A lag indicator would be: how many deals we actually closed, how much revenue we actually did, what was our actual conversion rate, what was the score of the game, not how many shots I took, but how many goals I scored.

Steve Sanduski: So, we've got these lead initiatives. We've got these lag indicators. This is all part of essentially like a scoreboard, a score card that we're talking about here so that people can monitor those on a regular basis?

Mark Moses: On each initiative let's just say we have up to five initiatives per WIG, wildly important goal. I like asking the following six questions: what will it take to guarantee that it happens, again make sure it's specific and measurable, what will stand in the way of making it happen, how will we overcome what is standing in the way, who owns it, when will it be done and how will we keep score?

Steve Sanduski: We're going to ask those questions about each of the initiatives?

Mark Moses: Each initiative. Let's just say we have three WIGS. I then like breaking them into groups. They'll be a group that ... There's always a sales and revenue WIG. So, I'll break the best people in the room into the group to work on that. There might be an operations WIG. I'll take another three or four people and put them in that group. There might be a marketing WIG, as an example, and then break them into that. We might have three groups now, or four groups working on the different WIGs. Each group goes, answers these questions on each of the initiatives, comes back, and presents it to the group. The group challenges it and then we ultimately come up with what are the initiatives that we ought to pursue ranked in order.

Then the final step in all of this is taking ... Let's just say we have three WIGS, up to 15 initiatives. We then take all 15 of the initiatives rank all of those in order from one through 15 and then we'll find some of them might be duplicates in another WIG and some of them might not even be relevant or feel as important as all of the others. Then we dump them. In the end, we might have a total of eight to 12 initiatives the company is going to pursue and keep score on. Those are the initiatives that will drive our WIGs or wildly important goals.

Steve Sanduski: It sounds like a very methodical process here to identify what are the WIGs, what are the goals, what are the specific initiatives that are going to guarantee that those goals and WIGs are met. So, you walk them through a very disciplined and methodical process to make sure you get a conclusion which is pretty much going to guarantee that if we do these things as a company we're going to hit those wildly important goals.

Mark Moses: Agreed. Now, let me tell you what happens. Many times, in these meetings, the group might want to go down some rabbit hole and get distracted and take the conversation into way too long of a conversation discussing something that goes way outside this process. That again is why I think having an outside very experienced facilitator do this because you don't want to end a day and not get through the process. In over 200 times that only happened to me once where I didn't finish the process because I let the head of sales in one company take me down a rabbit hole and take the group down that hole and in the end I got fired. I should have been fired because I didn't control the group and get the group to the finish line we had committed to getting done.

Steve Sanduski: A good lesson learned there and just one time out of over 200. That's a pretty good batting average there. Mark, so far you've talked about the overall strategy and things that relate to the company overall here in the planning meeting. Is there anything in this meeting that relates to the individuals in the meeting in terms of their individual performance or is this meeting purely about the corporation and not so much the individuals in the corporation?

Mark Moses: As we get towards the end of the meeting, I like each person to answer two questions because everybody struggles with their own demons and their own effectiveness as a leader or in the way they manage their time. So, I like asking these two questions. What should I start doing to get the most out of my own performance? When and what should I stop doing which may be the harder question, which I stop doing and when. They share that with the whole group and there's an element of peer pressure now once you've shared that.

Steve Sanduski: We've got content here about the overall corporate strategy. We've got things for the individuals that they can work on for their own performance. It's one thing to talk about all this stuff, but it's another thing to actually make this stuff happen, actually execute. How do you ensure that what comes out of this meeting actually gets implemented and followed through on?

Mark Moses: At the beginning of the meeting, we assign somebody that will do the write up of the whole meeting. Ultimately all this information gets consolidated. It goes back to the CEO to review and make sure it's all accurate. Then it goes out to everybody that attended the meeting to make sure that we didn't miss anything, everybody's bought in. Then it gets ... once everybody's set on that and everybody agrees it's finalized, distributed and that's our plan for the year. Don't forget that the rest of the company has been wondering where did everybody go today? What's going on? Are we in deep trouble? Is this part of a normal process? What's going on?

I recommend a leader come back the following day or within a couple of days or the following week and present to the company, "We went away on an offsite annual planning meeting. These are some of the things that went right this year. These are some of the things that went wrong this year. This is what we learned. We evaluated some of the opportunities in front of us. We took a good look at our challenges especially these two or three that you all know about. We talked about where we want to be three years from now. We rolled that back to one year. We went through this cycle of asking the provocative questions. We went through something called the crystal ball exercise and this is what we came out with in terms of our wildly important goals for this year. These are the initiatives that we, as a company, are going to pursue."

By communicating that message and having time for people to ask questions gets everybody aligned to where it is the firm wants to go. I also believe that the firm, when they get together where the management team, or leadership team, gets together weekly to review their ... Where we have their weekly team meeting, I strongly encourage them to spend their time on discussion about the initiatives that will drive the result we want in terms of our annual WIGs. What happens, in reality, is most people spend the time in the weekly meeting talking about the most urgent issue that happened this morning, or yesterday or in the last week that not everybody in the room needs to participate in, but can completely drag down a meeting and we end up spending very little time on the initiatives we believed would drive the outcomes we wanted.

Let me make one more point. I think as you go around start with initiative number one and ask the leader, the owner, the one owner of that initiative: how they're doing, what help they might need from anybody in the room, what challenge they might be facing so everybody's clear on where we are but let's not underscore the "if we need help from anybody in the room" that we get that help. I also like to ask, what's going to get us back on track? If we're missing on an initiative, I'll ask them why we're missing or the group will ask why? Then we can go through the process of five why's which could be a whole discussion for another episode, but to go deeper and deeper to understand what the root cause of why we're missing the issue ... the deeper we go and we find out what the real issue is and that way we can put a plan in place to get back on track.

Steve Sanduski: And speaking of another episode I just want to tease our listeners here a little bit. We talked about this annual planning meeting, this annual strategy meeting. You just touched on this weekly meeting. Now, just briefly can you tell us should they also have quarterly meetings throughout the year? What is like a high-level overview of the planning structure for a company over the course of 12 months? Like I said, we'll probably do a separate episode on that or they can read about it in you've got a new book coming out here. I guess we can tease on that as well so why don't you mention just briefly the new book and then I'll have you answer the question about the planning structure.

Mark Moses: Great Steve. I'm very excited to announce, I think it's the first time I have announced, that my new book Make Big Happen will be coming out here in the next few months. It's really how to live, give and work big. So, I'm excited to share that with the world. I've been working hard on it and that'll be coming out here in the next few months as I mentioned.

To go back and answer the question you asked in terms of a communications system, or like Verne Harnish what is the company's rhythm, and for those who don't Verne Harnish he wrote the book The Rockefeller Habits that has some great principles in there I've followed for years and I still follow a lot of them. So, it's annual planning meeting, deliver a message annual state of the company delivering that message to the company. Quarterly planning meetings again with the management team, again going through that process we talked about earlier, not to be redundant, but: how did we do this quarter, what went right, what went wrong, what did we learn, how did we do compared to how we said we would do, did any new opportunities come up this quarter, what are the biggest challenges that came up this quarter? I think that's important to do as part of that planning. What are the goals for the quarter and those goals ought to relate to our annual goals and then do we need to adjust any of our initiatives to ensure we're on track to hit our quarterly goals, which will then drive our annual goals.

Steve Sanduski: One final question here Mark. What would be your ideal date to do this planning meeting? Are we talking some time in early December or early January? What's an ideal time to hold this annual planning meeting?

Mark Moses: Some companies do it as early as September. That might be the earliest. Most companies do that meeting in October or November. Then some that are having a little trouble getting it together might do it in early December. Those that are really having trouble getting it together, or are waiting for their final numbers, which I don't recommend, then do it in January. Most companies will do that meeting in October or November. It gives them a real look ahead in time to make sure they're marching towards their plan for the upcoming year.

Steve Sanduski: Sounds great. Any final comment here?

Mark Moses: The final comment is, look, don't be silly. There's a tremendous opportunity and responsibility as the leader of your firm. Let's not miss the opportunity to do your annual meeting. It's a required best practice. It's a required best practice to do as the leader of your firm to do the same thing every quarter to really make your team accountable and get people aligned to where you want to go. If you take Grasshopper as an example, who just had a very big exit, we did 21 quarters in a row of this and 19 quarters in a row we beat plan and 21 quarters, all 21 quarters in a row, we grew the business.