

IMPROVEMENT SKILLS CONSULTING LTD.

“Simply, improvement...”



SMART Planning

SMART Planning

“Plans are nothing, Planning is everything.”
Dwight D Eisenhower

The problem with Planning...

It ought to be simple, really. Plans should be a statement of how you will achieve your objectives, by a particular date. So, you might assume that an effective plan would comprise at least the following:

- The actions required to achieve the objectives
- The date(s) by when the actions must be completed
- The resources required to deliver the actions

However, in order to be useful, particularly when it comes to Business Planning, it's usually also necessary to have:

- The objective clearly stated (albeit, maybe not quantified)
- A means of measuring progress towards the objective
- Targeted levels of performance
- Ownership and accountability defined

In the space of seven bullet-points, we've already introduced a whole set of potentially misunderstood terminology. For example:

- What's the difference between an objective and a target?
- What do we mean by “performance”?
- What exactly does “measure progress” mean?
- Does “measurement” have to be quantifiable data?
- What's the difference between a milestone and a target?

So, one of the problems with planning, based on our experience of working with both public and private sector organisations, is that the language of planning can cause an awful lot of confusion. Add to that the inability of the people creating the plans to think clearly about what needs to be achieved and how best to achieve it. The end result: the quality of plans that get written varies from mediocre, to appalling, with almost zero chance of any actual performance improvement.

If you don't agree that far too many plans are poor, try doing a search on the internet for public sector organisations' business plans (easier than finding private sector business plans!). Most local authorities make their plans available on their websites to their communities, as do many of the central government departments and agencies. You won't need to read too many plans before it becomes clear that their quality leaves a lot to be desired.

Does it matter?

It (only) matters if you believe that continuously improving performance is essential and also that people should be able to be held to account for achieving performance objectives.

It matters to your organisation's stakeholders because with poorly written plans they have no way of knowing what you want to achieve, or how to tell if it has been achieved. Conversely, a well-written plan, should demonstrate the quality of thought that has gone into it and give confidence that the desired levels of performance will indeed be achieved. Weak plans are often little more than "wish lists".

In the remainder of this article we want to share our experience of helping clients to develop SMART Plans. Much of that experience has been built on the principles of the Balanced Scorecard, developed by Kaplan and Norton in the early 1990s. This article isn't about the Balanced Scorecard, so you might also wish to read Kaplan and Norton's book "The Balanced Scorecard" published by HBS Press in 1996.

From Strategy to Action

Ignoring the "balanced" aspects of the Balanced Scorecard, we want to focus on how its design enables an organisation to translate strategy into action.

Despite what many people think, the Balanced Scorecard is not a measurement framework. It is much more than that, so it's not surprising that those organisations that have simply selected a "balanced" set of measurements and positioned these in the four Scorecard "perspectives" (Financial, Customer, Process and Learning/Growth) don't necessarily get much value out of their "Balanced Scorecard".




The Balanced Scorecard is a Performance Management framework that enables an organisation to turn strategies into actions and to measure progress.

The basic framework consist of:

Objectives	Measurements	Targets	Actions
Statements of what the organisation wants to achieve	The metrics that will be used to quantify the extent to which the objectives are being met	The specific levels of performance that must be achieved and the dates by which they must be achieved	The activities that are required to achieve the targeted levels of performance
These may be broad and not necessarily be quantified	These are solely about "data" that will need to be gathered and analysed		These will need to have owners, resources and deadlines
Examples			
<i>Improve customer satisfaction</i>	<i>% of customers "Very Satisfied", or "Satisfied" with the service they have received</i>	<i>98% by the end of March 2008</i>	<i>Implement delivery lead-time reduction project</i>
<i>Develop leadership capability among Middle Managers</i>	<i>% of 360 Appraisals rating managers above 4.5 (scale of 1-5)</i>	<i>65% by end Sept. 2008</i>	<i>Implement Leadership Coaching programme</i>

Note that, in practice, there may well need to be more than one measurement for each objective. However, every measurement should have an associated target. Similarly, it is likely that there will need to be multiple actions planned to deliver each of the targets.

It is now apparent that plans created in this way will inevitably have SMART Targets, where SMART stands for:

-  Specific (with clarity about what performance is required)
-  Measureable (with data readily identifiable)
-  Achievable (based on what is realistic)

- Results-oriented (focussed on achievement, not activity)
- Timed (with a deadline)

Another point to note is how this framework makes it relatively easy for objectives to be cascaded down through the organisation. An “Action” on a top-level Scorecard (e.g. *Implement Leadership Coaching Programme*) becomes an “Objective” on a lower-level Scorecard (perhaps on the HR Department’s Scorecard). The action may need to be re-defined slightly in order to make it an effective objective (e.g. *Improve Leadership Coaching Skills*). That lower-level objective would then also need to have measurements, targets and actions associated with it. Eventually, you end up with the specific work that needs to be done in order to contribute to the high-level objective. You also know when it needs to be done and how its success will be measured.

In our experience, as you get closer to the actions (work) that need to be done, the more difficult it can become to find meaningful and value-adding measurements. There is a real danger of wasting time trying to create measurements just for the sake of it, where the time and effort simply isn’t justified.

What we often find is that the “Measurements” end up having to be “Milestones”: which are either met, or not met (i.e. the work is either done, or not done, on time). So, the final definition that we find helpful is that of a “Milestone”: “the point in time at which an action either needs to have been completed, or started”. Milestones should be expressed in the form of a Noun plus a past-tense Verb (e.g. *Project Completed*).

Where do Objectives come from?

While this framework for turning strategy into action is helpful, it is dependent on being able to create the right high-level objectives. Otherwise, it’s only going to enable you to be very efficient at planning and implementing all the wrong things!





That’s where the Balanced Scorecard can be really useful. Its four “perspectives” challenge you to identify strategic objectives related to:

- How the organisation should satisfy its financial stakeholders
- How the organisation should look to its customers
- The processes at which the organisation should excel
- How the organisation should learn and develop its future capabilities

These can all be captured on a Strategy Map – a pictorial representation showing the cause and effect relationships between each of the objectives. This can also be a useful tool to help people see why some “developmental objectives” (e.g. related to knowledge and skills) are vitally important in enabling the organisation to achieve its outward-facing customer and stakeholder objectives.

The benefits:

We have found that by helping people to understand and apply the principles of the Balanced Scorecard for SMART Planning, they can quickly develop much more meaningful Business Plans (and Departmental/Team Plans). They can create plans that:

-  Clearly specify the achievements they want to make
-  Quantify how those achievements will be measured
-  Define the specific levels of performance required
-  State the actions necessary to deliver the desired performance

The other benefit we find from this approach is that people can be held accountable for performance. Depending on the prevailing organisational culture, that may or may not be welcomed by everyone! It also highlights that fact that introducing a SMART Planning approach is as much a cultural issue as it is a technical one. All the usual change management considerations apply – Leadership, Coaching, Communications, Involvement etc..

Our track record

Our consultants have been helping organisations in the private and public sectors to improve the way they develop, implement and performance manage business plans (at all levels) for nearly two decades.

We don't “push” a particular methodology, but we do find the principles of the Balanced Scorecard are particularly helpful for many organisations. We help clients identify their improvement goals and then develop an approach to achieve these; ensuring their people develop the skills to make further improvements themselves.

Please contact us for more information about how we can help you to manage and improve your planning process and make your plans SMARTer.

SIMPLY, IMPROVEMENT...

SMART Planning

© 2008 Improvement Skills Consulting Ltd.
204 Blind Lane, Flackwell Heath, High Wycombe HP10 9LE
Phone 07850 728506 • Fax 0871 221 5638
E info@improvement-skills.co.uk • W www.improvement-skills.co.uk