

Don't Screw Up Your Annual Plan - 3 Lessons for CEOs



RHYTHM[®]
S Y S T E M S



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POLLING QUESTIONS



A close-up photograph of a white ceramic mug filled with a frothy beverage, likely a latte or cappuccino. The top of the drink is covered in a thick layer of white foam, which is dusted with a fine, brown powder, possibly cinnamon or cocoa. The mug is set against a dark, rustic background. To the left and right of the mug are several pumpkins, some in focus and some blurred. In the bottom right corner, there is a small, shallow metal bowl containing more of the brown powder. A semi-transparent blue banner with white text is overlaid across the middle of the image.

OCTOBER FOR MOST...



A close-up photograph of a person's hand in a light blue shirt reaching towards a white, classic-style alarm clock on a wooden desk. The clock's face is visible, showing the time as approximately 2:10. The background is softly blurred, showing a computer monitor and office environment. A semi-transparent dark blue banner is overlaid across the middle of the image, containing the text 'OCTOBER IN YOUR WORLD' in white, bold, sans-serif capital letters.

OCTOBER IN YOUR WORLD





**ONLY 50-60% OF COMPANIES
ACHIEVE ANNUAL PERFORMANCE TARGETS**



A man in a dark suit is sitting at a desk in a dimly lit office. He is looking down at a laptop, with his right hand resting on his forehead in a gesture of stress or frustration. The background shows a window with a view of a city skyline. A white mug is on the desk to the left of the laptop.

**IS YOUR PLAN DOOMED?
DON'T LET IT HAPPEN AGAIN**





INVESTORS DON'T LIKE SURPRISES



AND THEY EXPECT RESULTS

The next round of funding is dependent on it.

Gainers	Price	Change	%Change
AFC	172.55	▲+6.26	+3.76%
BPIRT	29.51	▲+1.05	+3.56%
GOH	42.03	-1.28	-3.04%
AITA	23.16	+0.63	+2.80%
JTAS	37.24	+0.96	+2.65%
RCA	20.19	▼-2.36	-10.69%
AECT	18.00	▲+7.33	+41.28%
XNC	34.00	▲+5.99	+17.62%
PEQ	26.90	▲+1.50	+5.58%
XV	10.00	▲+0.50	+5.00%

Stock Sectors	3 Month % Change
Communications	-0.86%
Consumer Durables	+5.65%
Consumer Non-Durables	+2.88%
Energy Services	+6.41%
Healthcare Technology	+2.53%
Metals & Minerals	+6.61%
Software	+5.52%
Services	+11.73%
Transportation	+5.11%
Utilities	-1.50%
Real Estate	+8.00%
Technology	+3.00%





A BETTER WAY - THE RHYTHM SYSTEM

How mid-market companies get more initiatives done, successfully.

1

**SOFTWARE &
METHODOLOGY**

2

**EXPERT SUPPORT
& FACILITATORS**

3

STEP BY STEP TOOLS



2 STORIES OF SUCCESS



1

GREW COMPANY 20X

*#1 FinTech firm funded by
Bain Capital*

2

GREW \$673MM IN 3 YEARS

*One of the leading innovative
specialty pharmacies*



MICHAEL PRAEGER
CEO & FOUNDER



“We have never missed an Annual Planning Session. Having a Rhythm Facilitator has been critical in helping navigate from 50 employees to 1,000.”



DR. STEPHEN VOGT CEO & FOUNDER



“Rhythm helped me drive execution weekly allowing us to find the right strategy, execute it and go from **\$127mm** to **over \$800mm** in **3 years.**”





TIME
FOR
CHANGE



RESEARCH BEHIND THE BEST COMPANIES



NATIONAL CENTER FOR
THE MIDDLE MARKET

Top Leadership Skills Needed

(Ranked 1st-5th)

	Growth Rate				
	10%+	5% - <10%	1% - <5%	0%	Negative
Setting strategic direction	58	69	65	56	55
Driving planning and execution	54	56	59	54	73
Developing talent	53	55	58	57	52
Communication	52	46	58	49	51
Delegating / empowering the team	52	46	53	58	40
Balancing risk and opportunity	48	49	45	48	61
Communicating vision and values	46	52	41	41	61



AN UPHILL BATTLE

The ability to implement strategy has improved from **90% failure** (2002) to **67% failure** (2016)... but companies still have a long way to go.

Bridges Strategy Survey Results 2016



3 REASONS WHY YOUR PLAN FAILED



1. YOU DIDN'T PLAN RIGHT

CEO only focused on strategic initiatives, *not the execution plan.*





2. YOU KEPT YOUR PLAN A SECRET


Does your plan pass the hallway test?



3. YOUR TEAM WASN'T SET UP TO EXECUTE

Good execution starts from the top.





NEW TEAM MEMBERS = MORE COMPLEXITY

Organic growth or growth through acquisitions makes working cross-functionally even more challenging.



DRIVE TOWARD MORE PREDICTABLE RESULTS

3 Lessons

2018





THE RECIPE FOR A WINNING ANNUAL PLAN

**Prep for a
Successful
Session**

**Work on
Long Term
Strategy**

**Create a Clear
Execution
Plan**

**Cascade
Plan to
Departments**

**Execute
Weekly and
Daily**



LESSON 1

Don't underestimate the need to prep.



STEPS TO PLAN THE SESSION

1

Schedule the Session

2

Assign Responsibilities

3

Pick the Right Location

4

Plan Activities

5

Customize the Agenda

6

Develop & Distribute Prep Work



PREPARATION = PRODUCTIVE SESSION

TEAM PREP

- Learnings from last year
- Start, Stop, Keeps
- Strengths & Weaknesses
- Opportunities & Threats
- Trends

INDIVIDUAL PREP

- Review long term strategy
- Review sales numbers and develop projections
- Start preparing budget
- Schedule pre-planning sessions
- Think about key initiatives



ADDED LAYERS OF COMPLEXITY

Organic Growth and M&A





Q & A

LESSON 2

Run an effective session.



START WITH THE **BIG** PICTURE

Where are we going?



SET THE RIGHT EXPECTATIONS

INVESTOR INSIGHT



“They think of it as too fluffy or strategic, and don’t get down to the actual who, what, when, and what we are going to actually do in a reasonable amount of time.” - *Matt Young, Mangrove Equity Partners*





OBJECTIVE

1. Review & confirm strategy
2. Set Annual Goals
3. Create 90-day company plan
4. Create plan to cascade
5. Communicate



DAY 1

Part 1: Review, Discuss, Brainstorm

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

Part 2: Connect Strategy to Execution

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

DAY 2

Part 3: Execution Planning

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

AGENDA



REVIEW & CONFIRM STRATEGY

- Your Core:
 - Core Values
 - Core Purpose
 - Core Customer
- BHAG
- Brand Promise
- Winning Moves & 3-5 Year Plan



3-5 YEAR PLAN

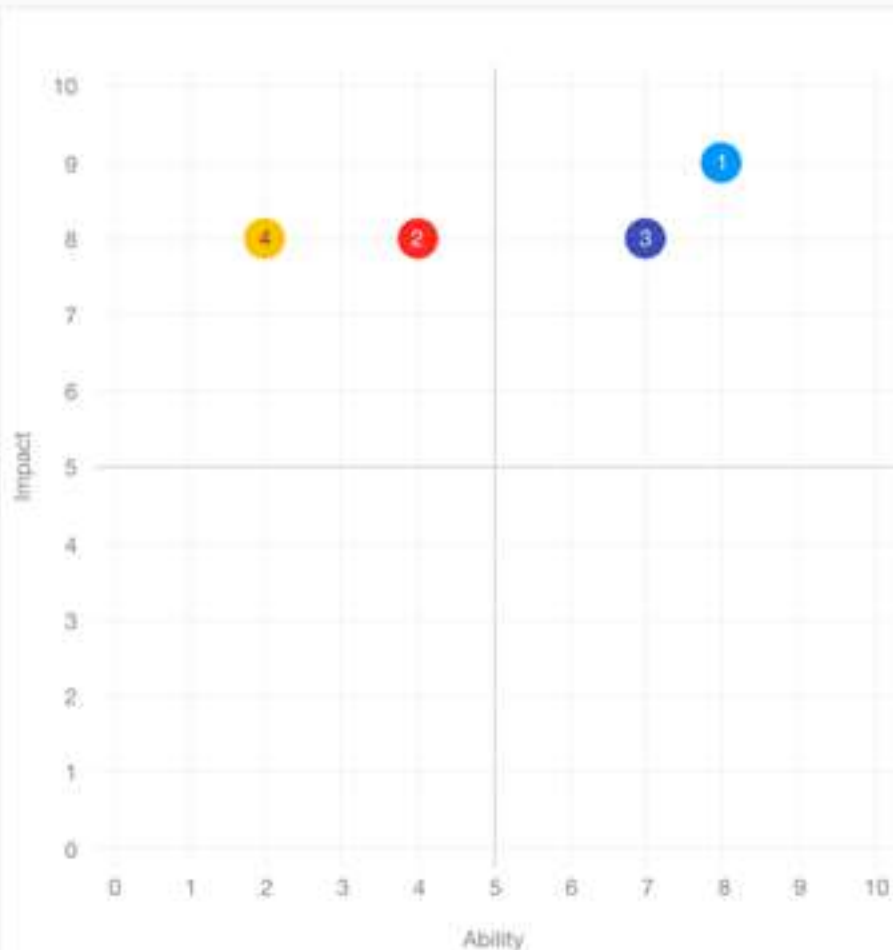
- Set revenue and profit targets
- Finalize the right mix of Winning Moves



3-5 Year Targets (Effective Jan 1, 2017)



#	Winning Move	Impact	Ability
1	Transition from Services Company to Product Company Jack CEO Jan 1, 2016 - Dec 31, 2018	9	8
2	Build our Inbound Marketing Engine to Create Sales Without Effort Joan Marketing Apr 11, 2017 - Apr 11, 2020	8	4
3	Create a scalable partnership with Oracle John Sales Apr 11, 2017 - Apr 11, 2020	8	7
4	Implement CRM to Get to Single Customer Database Joe Services Jan 1, 2017 - Apr 11, 2020	8	2



SET ANNUAL GOALS

- Set targets
- What are the top 3-5 initiatives for the company this year?
- Assign an owner for each
- Determine success criteria for each



THINK **PLAN** DO

Denis - ABC Company (R4)

2017 Q3
 (July 1 - September 30) 12

Company

ANNUAL PLANNING













- Planning Meeting
- Annual Focus
- Annual Initiatives**
- Parking Lot

QUARTERLY PLANNING

PEOPLE GROWTH

Annual Initiatives +

Filter Linked Items By User

<p>■ 1) Cut Workforce Overtime by 50%</p> <p> Jack CEO  Company</p>	Oct 1, 2017 - Dec 31, 2017
<p>■ 1) Launch New Product Offering</p> <p> John Sales  Company</p>	Jan 1, 2017 - Dec 31, 2017 ■
<p>■ 2) Build Sales Team to Grow Revenue</p> <p> John Sales  Company</p>	Dec 5, 2016 - Dec 28, 2017 ■
<p>■ 3) Hire Marketing Head to Drive Demand</p> <p> Jane HR  Company</p>	Jan 1, 2017 - Dec 31, 2017 ■
<p>■ 4) Improve R&D Velocity & Quality</p> <p> Jack Dev  Company</p>	Jan 1, 2017 - Dec 31, 2017 ✓
<p>■ 5) Launch Theme Internally & Externally to Motivate and Engage Staff and Market</p> <p> Jack CEO  Company</p>	Jan 1, 2017 - Dec 31, 2017 ■

CREATE 4 QUARTER FLYOVER PLAN

For each Annual Initiative:

What are the major milestones for each priority over the next 4 quarters?



RHYTHM® Annual Plan: 4 Quarter Flyover Plan

Company Top 5 Key Initiatives for (Year): _____ Date: _____

No	Company Top 3 to 5 Key Initiatives for the Year	Who

(1) Lay out Top 2-3 Potential Priorities by Quarter; (2) Circle ONE area of focus per quarter

No	Q1	Q2	Q3	Q4
1				
2				
3				
4				
5				

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AVOID OVERLOADING TEAMS & INDIVIDUALS

See who has capacity to work on growth initiatives, while still maintaining operations.



Growth Initiatives

+



Existing Business/Day Jobs

=



OVERLOADED?



SET QUARTERLY GOALS

- Set targets
- Top 3-5 priorities for company
- Top 3-5 priorities for each individual
- Determine success criteria for each



REVIEW KPIs

1. Review KPIs from the previous quarter
2. Add new KPIs as needed
3. Set success criteria



QUARTERLY PLAN REVIEW

4 tests to make sure your quarterly plan is execution ready



FINANCIAL TEST

Does your plan help you achieve your annual financial goals?



FOCUS TEST

Does your plan have a main focus to grow and improve the business?



ENERGY TEST

Does your plan have enough priorities dedicated your main business goal?



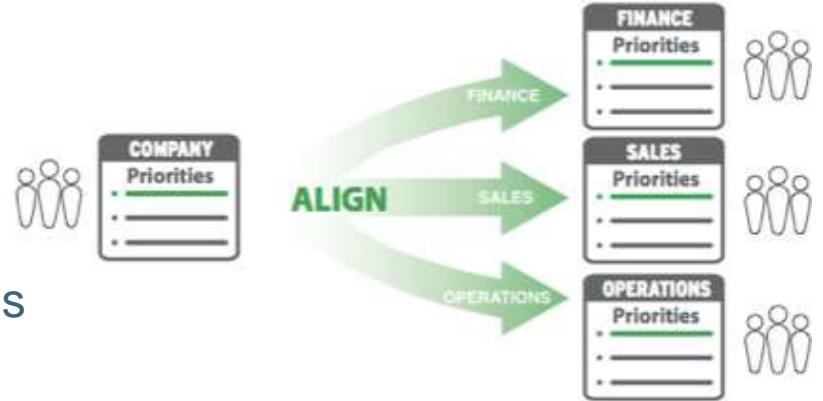
ACCOUNTABILITY TEST

Does your plan have clear success criteria for all your priorities?



CREATE PLAN TO CASCADE

- Which Teams are Cascading this quarter?
- Team Leaders should schedule their Planning sessions
- Set a date and format for sharing Plans across Departments & Teams





COMMUNICATE THE PLAN

Make sure *everyone* in the company is aligned.





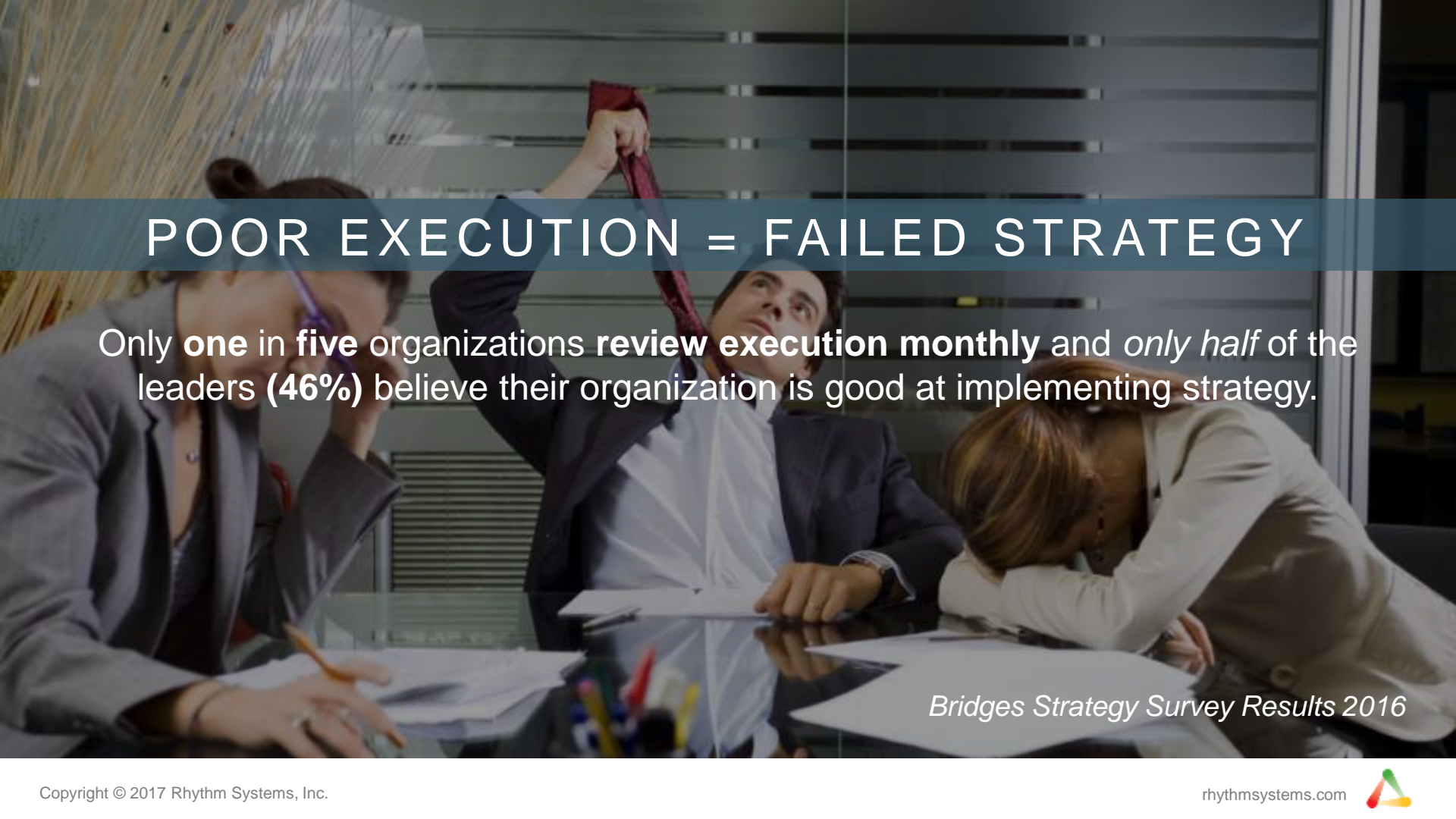
Q & A



LESSON 3

Execute all year long.





POOR EXECUTION = FAILED STRATEGY

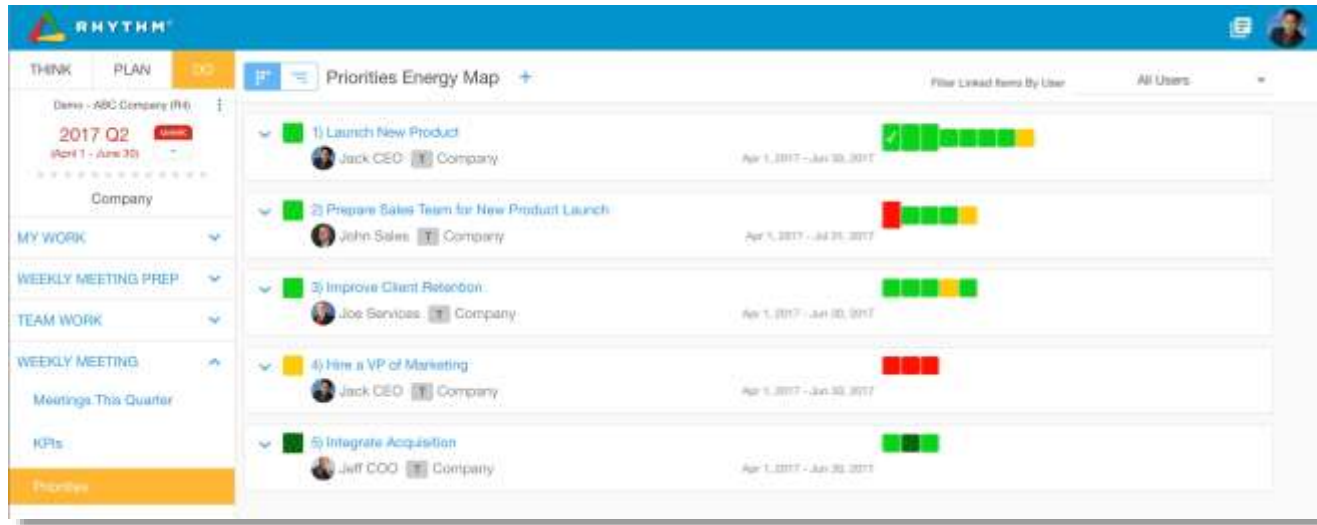
Only **one in five** organizations **review execution monthly** and *only half* of the leaders (**46%**) believe their organization is good at implementing strategy.

Bridges Strategy Survey Results 2016

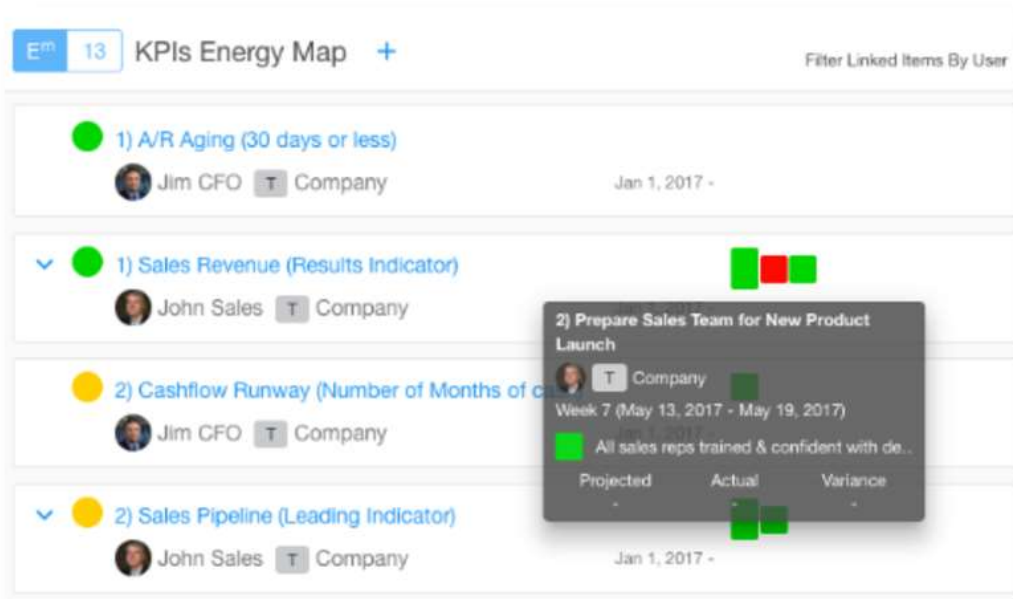


A SYSTEM TO EXECUTE YOUR STRATEGY

See energy around each priority and gain confidence in your plan.



THE RIGHT METRICS TO DRIVE RESULTS



Rhythm Dashboards keep you focused on the most important things.

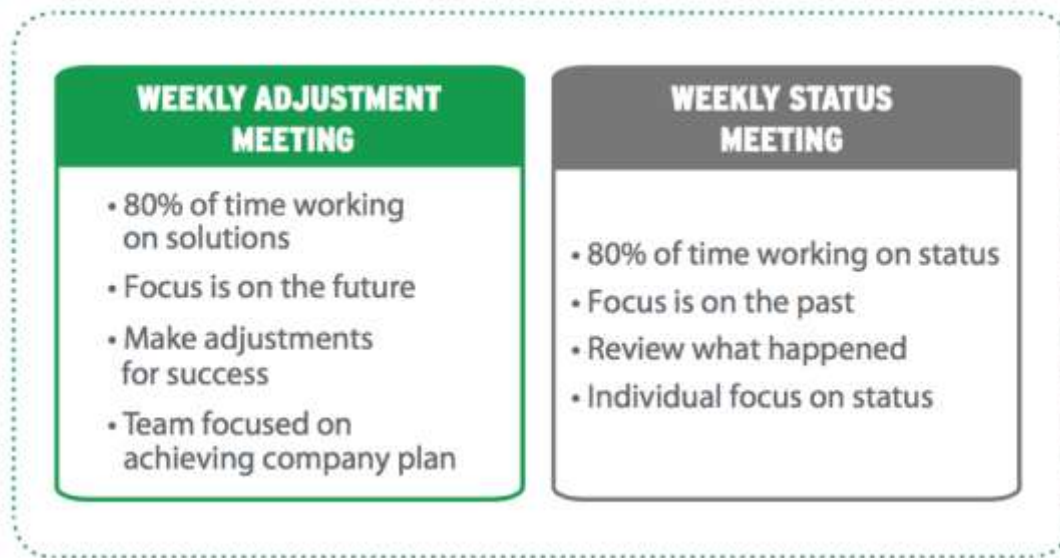
KPI Dashboards let you know what you need to discuss and let you drill down to see how other departments and other groups are contributing to the company goals.



MAKE ADJUSTMENTS WEEKLY

You can't solve what you can't see.

Gain visibility so you can solve problems faster.



DRILL DOWN & SOLVE PROBLEMS FAST

Priorities Energy Map + Filter Linked Items By User All Users

- 1) Launch New Product
Jack CEO T Company Apr 1, 2017 - Jun 30, 2017
- 2) Prepare Sales Team for New Product Launch
John Sales T Company Apr 1, 2017 - Jul 31, 2017
- 3) Improve Client Retention
Joe Services T Company
- 4) Hire a VP of Marketing
Jack CEO T Company
- 5) Integrate XYZ Acquisition
Jeff COO T Company

3) Hire a VP of Marketing
T Company Public

John Sales on Thu, Apr 28, 2017 3:33:19 PM
Having trouble finding the right experience - looking for 15 years in consumer products

Jack CEO on Thu, Apr 28, 2017 3:35:08 PM
Jack - Let me reach out to my network and see if I have connections that would be a fit.



MANAGE YOUR TEAM TO SUCCESS

An easy way for managers to know who needs help and why.

Team Performance Dashboard



Team KPI Dashboards

Managers can view KPIs and Connected Comments daily so they can provide the right coaching to get their team unstuck and keep projects moving forward.



AVOID THE HEADACHE

Planning and facilitating a session can be a pain.



DR. STEPHEN VOGT CEO & FOUNDER



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



Need help facilitating your annual plan?

Our experts have helped create **over 3,000 plans** for our mid-market clients. As former executives, they are quick to understand your needs and bring *immediate value*.



The Rhythm Software System keeps you on track all year long.

Contact Christine@rhythmssystems.com



GIFT FOR YOU

Please take the survey to get our annual planning guide.





Q & A



THANK YOU

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