

OGSM

White Paper

THE COMPLETE GUIDE TO STRATEGIC PLANNING AND OGSM

ArchPoint, the Leader in OGSM Facilitation



Changing the Way You Engage with **Strategy**

ArchPoint® Consulting

 WHATMATTERZ

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WHAT IS STRATEGIC PLANNING?

Definitions of strategic planning are as varied as there are types of organizations. It can be formal or informal, involve many people or few, be displayed on every employee's desk or locked in secret. But there is one common thread when it comes to strategy – and it is that most companies struggle with strategic planning. Absent a clear strategy, an organization and its people get lost in a morass of confusion, redundancy and frustration.

It doesn't have to be that way.

Business strategy must not be complicated. It's a mantra we've preached since we were executives in Fortune 500 organizations and continue to convey to our clients today as consultants. We have learned that an effective strategy is the guiding force driving organizational execution, performance and financial results. Strategic decisions are tough so the framework for business strategy must be simple.

Enter the OGSM methodology.

Learning about OGSM as practitioners in industry provided us with a clear framework for developing, aligning and deploying strategy. OGSM provides a direct line of sight to the overarching business goals and strategies of the enterprise. The beauty of OGSM is that it takes a complex idea like strategy and translates it into simple words and numbers that can be quickly and succinctly communicated at every level of the organization. It's an elegant solution to unwieldy challenges.

Using OGSM aligns people because it's a powerful communication tool that keeps performance and activities transparent and therefore keeps individuals and teams accountable and motivated.

Our hope is that this white paper helps more people understand the strength of OGSM and fosters curiosity about this approach to strategic planning. We encourage you to visit our website for more resources and tools including the OGSM Initiative & Charter template found [here](#). Be sure to [email us](#) with your questions, comments and success stories.

Keeping it simple,

The ArchPoint Team

*"In our particular case, my organization is three different business units coming together. We struggled. The team leaders went to the same staff meetings and reported to the same guy but were pretty distinct silos. **Visually, what we chose from an OGSM standpoint was very unifying.** We were aligned in a roll-your-sleeves up and get down to work manner. The things we picked had large interdependency between silos."*

– CEO, Consumer Products Company

WHY STRATEGY EXECUTION MATTERS

The hard truth is that most companies' biggest struggle is with strategy – and that problem isn't new. In 1919, William Cooper Procter, founder of P&G said:

"The chief problem of big business today is how to shape its policies so that every employee, whether in office or factory, will feel they are a vital part of the Company, with a personal responsibility for its success and a chance to share in that success. To bring this about, employers must take the people into their confidence. They must know what they are doing and the relationship of their work to the business as a whole."

A hundred years later, nine out of 10 companies fail to execute their strategy, according to research by David Norton and Robert Kaplan of Harvard University's Balanced Scorecard Consortium.

The Ability to Execute Strategy

"A study of 275 portfolio managers reported that the ability to execute strategy is more important than the quality of the strategy itself. These managers cited strategy implementation as the most important factor shaping management and corporate valuations."

– **The Strategy Focused Organization, Robert Kaplan**

9/10
companies fail to
EXECUTE STRATEGY.

- 85%** of executive teams spend less than one hour per month discussing strategy.
- 20%** of middle managers perceive they are in sync with their company strategy.
- 60%** of organizations fail to link their budgets to their strategy.
- 5%** of the work force, on average, understands their company's strategy.
- 25%** of managers have incentives that are linked to the successful execution of strategy.

Source: David Norton and Robert Kaplan, Balanced Scorecard Consortium, Harvard University

Successful Companies Operate Differently When It Comes to Strategy

In ArchPoint's most recent survey of companies with \$500 million or more in annual revenue, front runners develop and execute Strategy to achieve 75% or more of their objectives. Here's how they do it.

- » **Leadership is aligned to the strategic plan**
- » **Maintain a proactive strategic planning process**
- » **Align resources with strategy**
- » **Employees clearly understand the company strategy**
- » **Effectiveness in reporting and managing strategy**



myOGSM STRATEGY EXECUTION

A powerful platform for achieving organizational potential

myOGSM helps drive the successful execution of your company's strategy by providing a central platform to capture and track objectives, goals, strategies and measures across the organization and consistently monitor progress and impact.

The Old Way

How complex and disconnected are the systems, documents and workflows you use to manage your strategy?



The New Way

Why not simplify with one central platform to track and manage your organization's strategy?



- Visualize the big picture.**
The dashboard provides a snapshot of strategic progress and its impact on financial goals.
- Stay up-to-date on metrics that matter.**
Status of key performance metrics readily available at all times.
- Build an organizational roadmap.**
The strategic activity timeline helps coordinate deliverables across the overall plan.
- Increase accountability and allocate Resources.**
Ownership is clearly defined, strategic activity is efficiently resourced and potential capacity issues are identified.
- Communicate progress with reports.**
Export, print and create custom reports for meetings and presentations.



ArchPoint Consulting | myOGSM

Let us show you how myOGSM can change the way you do business.

Request a demo today!

DEVELOPING STRATEGY THROUGH OGSM

Many people don't understand that strategy is simply aspiration. The real challenge for most is the definition, prioritization and alignment of the work required to achieve that aspiration.

ArchPoint's strategic planning methodology gives an organization the capability to prioritize work and identify required resources. It gives everyone involved the opportunity to keep the work visible and drive alignment throughout the organization. Importantly, it helps leaders determine what the organization can actually do based on available resources.

OGSM is ArchPoint's preferred approach to strategy development and execution. In short, an OGSM is a written and easily communicated statement of an organization's **Objective, Goals, Strategies** and **Measures**. OGSM brings alignment, transparency of priorities and metrics that define success. OGSM frames what the business needs to achieve and how it's going to get there. The OGSM defines success and helps groups work together across functions, geographies and up and down the line.



OGSM is a world-class strategy model that transforms objectives, goals, strategies and measures into actionable and executable plans. The origins of OGSM stretch back to the 1950's with roots in Total Quality. In the 1980s, Procter & Gamble popularized OGSM as a means of aligning the direction of their corporation around the globe. Many Fortune 500 companies have adopted OGSM to build and execute their strategic plans. ArchPoint, the world leader in OGSM methodology, has helped clients across Asia, Middle East, Europe and North America develop and implement OGSM.

*"Used properly, one of the big benefits of OGSM is that you're able to get leadership aligned around the biggest opportunities. **It fosters a level of prioritization** that allows the business to focus on a few critical things and allows the work to cascade. That's the essence of what makes it powerful."*

– Executive VP, Food Service Company

THE OGSM DEFINED

Objective, Goals, Strategies and Measures

OBJECTIVE

The *Objective* sets the direction for the organization for the next three to five years. This statement describes the ambition of the business and answers the question: What are we trying to achieve? The *Objective* should define the playing field and the rules for winning. An *Objective* is a constant and meaningful reminder to the organization about what success looks like in the future. An effective *Objective* statement is not generic or easily adoptable by others; it is a customized, business-specific view of where the business is headed. Importantly, this is not an organization's vision or mission. Those statements have a longer time horizon. The *Objective* is time-bound to focus the organization.

GOALS


Goals are numbers that define what success looks like over a three-to-five year time horizon. These *Goals* are usually financial and/or operational and make the *Objective* visible in measurable terms. *Goals* should be more strategic in nature, defining the financial health and guiding the direction for the strategic choices. The *Goals* of an organization answer the question, "what must we accomplish financially?" in terms of critical targets.

STRATEGIES

Strategies are words that provide explanations and descriptions of specific choices that focus an organization's plans toward accomplishing the desired *Objective* and *Goals*. *Strategies* guide the work activities and allocation of limited resources across the organization. *Strategies* are implemented through initiatives and structured work plans called charters. *Strategies* tighten choices needed to deliver the *Objective*, *Goals* and to win in the market. It's much more important for *Strategies* to be written in clear, complete language as opposed to clever headlines.

MEASURES

Measures are numbers that define an organization's progress toward delivering a *Strategy*. Each *Strategy* should have no more than two or three *Measures* that define whether the *Strategy* is effective and is having the desired impact. Each *Measure* is tracked to determine the progress of a *Strategy*, and used to make decisions regarding any necessary adjustments.



Organizations succeed when their leaders are aligned to a specific **Objective** with **Goals** that set a clear direction.

THE STRATEGIC PLANNING PROCESS

How to Develop, Align and Deploy an OGSM

This step-by-step approach allows an organization to define its *Objective* and *Goals*, crystallize key *Strategies* and *Initiatives*, and assign owners and due dates with appropriate *Measures*. This can be the road map for all future planning reviews.



STEP 1
ASSESS THE CURRENT STATE OF THE BUSINESS



STEP 2
DEFINE THE FUTURE STATE OF THE BUSINESS



STEP 3
DEVELOP AND PRIORITIZE THE STRATEGIC PLAN



STEP 4
ALIGN, EXECUTE AND MANAGE THE STRATEGIC PLAN

A good OGSM communicates what we are going to do and what we are not going to do.

STEP 1

ASSESS THE CURRENT STATE OF THE BUSINESS

An objective, honest assessment of where the organization is today is crucial to the success of strategic planning efforts. Strategic plans must be based on an organization's current performance, availability and capability of resources and growth potential. A current state assessment should include:

» Gather External Data.

The OGSM process is rooted in the reality of the marketplace. Incorporating market and customer research is essential to identifying trends, critical expectations and unmet needs. In addition, it's important to gather data on the performance of customer-facing functions to understand the organization's delivered customer value.

» Gather Internal Data.

This process starts with interviews of your management team and extended leadership team. The questions asked are designed to diagnose opportunities within categories like growth, productivity and people. By the end of the interviews, there is clarity as to what is working well and what needs improvement.

» Facilitate an Executive Overview and Debriefing Session.

Once the data is collected and analyzed, the leadership team reviews a comprehensive, detailed summary of the findings. The review summarizes macro trends, major positive themes and opportunities for organizational improvement. This session often serves as a brutally honest assessment of an organization's current state and can be a game-changing experience for a business.

STEP 2

DEFINE THE FUTURE STATE OF THE BUSINESS

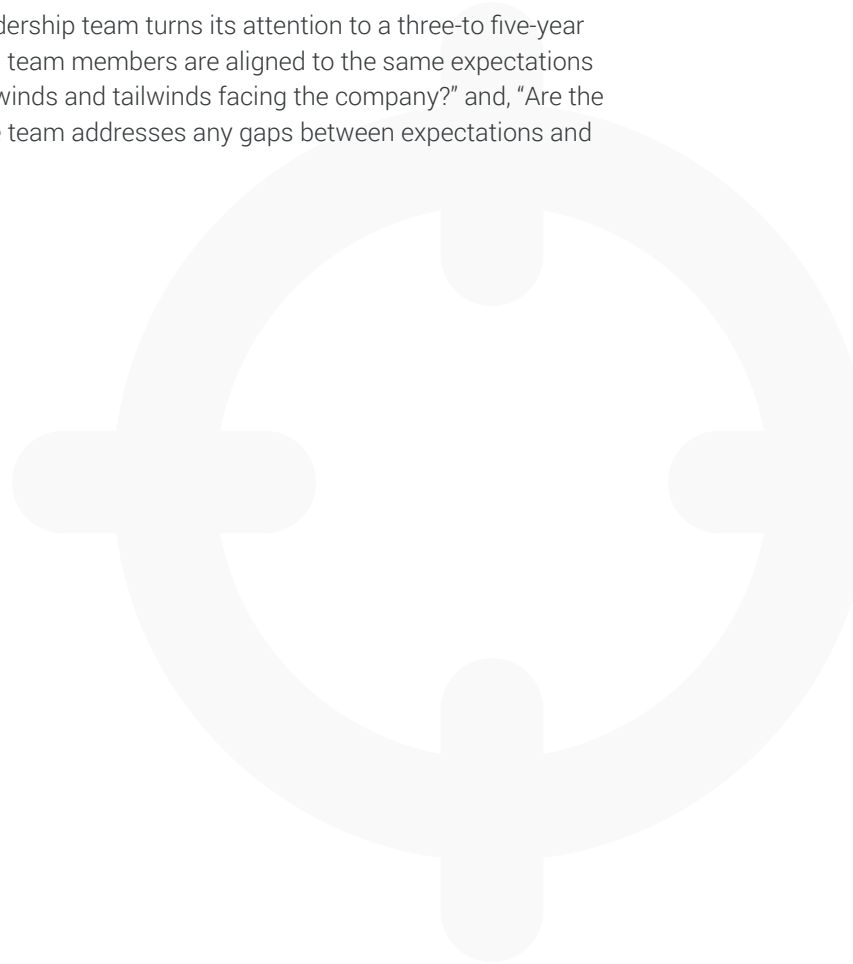
Once a clear picture of where the business is today is established, the organizational definition of future success should be agreed upon by the leadership team. Using the current state assessment as a foundation, set the path to the desired future state by:

» Define the *Objective Statement*.

Building on the market data and internal feedback, the leadership team collaborates on an *Objective* statement that will set the direction for the company for the next three to five years. This statement is a customized, business-specific view of where the organization is headed.

» Solidify the Financial and Performance *Goals*.

With an *Objective* statement in hand, the leadership team turns its attention to a three-to five-year financial outlook and determines whether all team members are aligned to the same expectations – asking each member, “What are the headwinds and tailwinds facing the company?” and, “Are the financial *Goals* achievable?” At this point, the team addresses any gaps between expectations and financial realities.



STEP 3

DEVELOP AND PRIORITIZE THE STRATEGIC PLAN

Now that the *Objective* and *Goals* are determined, the leadership team can direct its efforts to the critical choices needed to deliver them. Develop the strategic plan by:

» Create *Strategies* and *Initiatives*.

Teams often group *Strategies* under one of three areas: growth, productivity or people. As a result of this work, the team develops five to six overarching *Strategies* for the company. Once the *Strategies* are clear, the team develops the initiatives to support each *Strategy*. The initiatives are developed to address gaps in performance identified from internal and external feedback and observations.

» Align Key *Measures* to *Strategies*.

Each *Strategy* should have no more than three *Measures*. The challenge for most teams is deciding which *Measures* predict the success of the *Strategies*. Once determined, the team can build a scorecard and start tracking progress.

» Complete Initiative Charters.

Once the OGSM is created, charters can be developed. The charters become the project planning structure for each initiative. They help the organization define, structure and launch the work of each *Strategy* into the organization. Initiative charters include a business case (why it is important), project milestones and needed resources. To drive accountability, an owner is designated for each charter.

» Complete a Prioritization and Resource Allocation Process.

Now that the initiative charters are complete, the team prioritizes the initiatives to ensure resources are available to execute the plans— people, capital, etc. When resources are limited, a prioritized OGSM is critical to drive focus and completion of the most important work.

» Develop the Final OGSM and Communicate the Case for Change.

Finally, the team pulls it all together in a one-page OGSM and a “case for change” presentation. The resulting document is used to communicate and align the rest of the organization to the critical priorities of the business. Developed collaboratively and based on the needs of the business, the OGSM can now be used to guide all future planning activities.

STEP 4

ALIGN, EXECUTE AND MANAGE THE STRATEGIC PLAN

The strategic plan must be indoctrinated into the daily activities of an organization for it to be successful, and to do this the *Goals* and *Strategies* must be connected to the work of each function and level. Strategic activity management is also necessary to ensure alignment endures. Execute the plan by:

» Cascade *Goals* and *Strategies*.

Cascading is the process by which alignment is achieved throughout the organization. It links corporate-level *Goals* and *Strategies* to the divisional or functional plans, and ultimately, to the individual KPIs. Cascading starts a natural flow of top-down/bottom-up information.

» Implement Management Routine.

By establishing a set of management routines, the OGSM can be used to guide daily, weekly, and monthly activities through the review of initiative charters. Many organizations use the Stoplight Approach to communicate status updates and manage by exception by using a three-color system as a visual marker for each initiative update – green (on track), yellow (circumstances are impacting the initiative) or red (off track).

» Execute and Track the OGSM.

The most difficult step in this process is execution. The strategy must remain a central focus for the organization and leaders should remain committed to the management routine to keep the organization engaged in delivering the plan. Leaders manage unexpected challenges, guide the team through the stages of change and keep team members aligned to the strategy. Additionally, to help automate the daily management and tracking of OGSM, many of our clients use myOGSM.com to embed the strategy in the daily lives of the team.

OGSM Jumpstart Session

Need help developing or solidifying your OGSM plan? Learn about our 2 day jumpstart program to create a rock-solid strategy customized for your business.

Contact Us 

FIVE QUESTIONS TO TEST AN OGSM

1. Is it Aligned?

Is it clear how the *Objectives* and *Goals* will be achieved by executing the *Strategies* and initiatives? Do the *Goals* and *Measures* reflect how management tracks the success of the business? Is there transparent linkage between the OGSM at the top level and the OGSM one step down (in both language and strategic intent)?

2. Is it Achievable?

Does the organization have the competency and capability to achieve the direction the OGSM has set? Said differently, will the OGSM be a success or failure based on the honest assessment of the team's ability to deliver it? Beyond the organization's efforts, other factors also impact the successful delivery of an OGSM including market dynamics, competition, company commitment, etc.

*"The challenges are discipline. It's a framework to install. If you don't have an interest in framing it and maintaining it every month, OGSM will not work. If you don't have the **discipline to use the scorecard**, it loses its effectiveness. That said, every organization I've worked with has customized the tool to some degree."*

– Executive VP, Industrial Services Company

3. Is it Adequate?

Are the *Strategies* defined in the OGSM adequate and specific enough to deliver the *Objectives* and *Goals*? The *Strategies* should be detailed and have enough muscle to create a high level of confidence that they are the best choices to deliver the plan.

4. Is it Accurate?

Do the *Strategies* clearly communicate the explicit choices the organization is making? In turn, a choice in one direction assumes other choices are no longer options. A good OGSM communicates what we are going to do and what we are not going to do.

5. Is it Ambitious?

Do the *Strategies* stretch and push the organization to new levels of results? If the *Objectives* and *Goals* don't have the right level of ambition, the organization won't move in the direction it's aiming.



THE DOS AND DONT'S OF AN OGSM

SUCCESS

- ✓ Organizations succeed when their leaders are aligned to specific *Objectives* and *Goals* that set a clear direction.
- ✓ Organizations succeed when both work activities and *Measures* are transparent.
- ✓ Organizations succeed when they collect data from outside the organization (customers, marketplace, suppliers) to identify gaps in performance.
- ✓ Organizations succeed when they create Strategies and initiatives that are directly linked back to the *Objectives* and *Goals*.
- ✓ Organizations succeed when they focus on fewer *Strategies* and are staffed to execute those priorities.
- ✓ Organizations succeed when they execute their plan with a consistent management routine.

*"Every strength is a weakness in people and tools. **OGSM's strength is that it forces you to put your strategy on a page.** Its weakness is that you end up with a page full of letters and numbers – and that can be off-putting. The OGSM document is a pretty dense product versus a PowerPoint that you can waltz people through. You have to have the organizational discipline to force people to work through the details."*

– EXECUTIVE VP, HEALTHCARE COMPANY

PITFALLS

- ✗ Organizations fall short when they create a generic OGSM with language that could be adaptable to almost any organization.
- ✗ Organizations fall short when they argue methodology rather than pushing forward and executing. The best organizations focus less on bureaucracy of the template and more on execution.
- ✗ Organizations fall short when they spread everything too thin by focusing their attention on too many strategies.
- ✗ Organizations fall short when they lose critical time wordsmithing instead of moving toward execution. Statements do not have to be perfect.
- ✗ Organizations fall short when they miss the first step toward planning an OGSM. Any planning process that doesn't start externally misses the mark when it comes to execution.
- ✗ Organizations fall short when they aren't willing to change how they manage the business. The OGSM management routine requires a discipline and consistency that most organizations don't have in place around their planning process.
- ✗ Organizations fall short when they believe that everyone, all the way down the organization, needs an individual OGSM. Instead, business priorities should link to performance management and, therefore, link the OGSM to each employee's work.

CHANGE MANAGEMENT AND OGSM

Don't underestimate the change management work that goes with OGSM. Building an OGSM is about getting to the truth of an organization's ability to perform in the marketplace. Creating the structure and content for a successful OGSM brings an organization face-to-face with its biggest challenges.

Preparing for and developing an OGSM requires taking an honest look at an organization — both from an internal and external perspective. Leaders should recognize the power of the status quo in an organization. Moving to an OGSM requires a disciplined and structured approach to strategy development and deployment. The process is fraught with various challenges, especially in the initial stages.

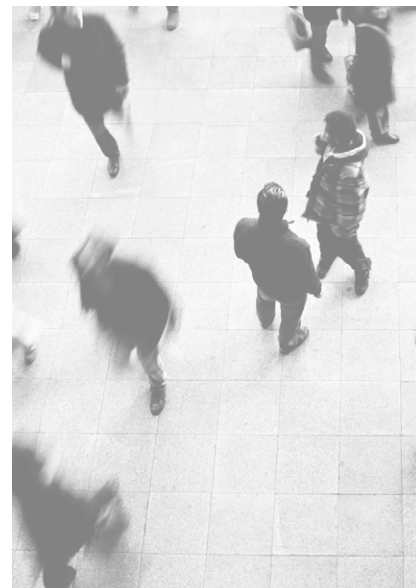
The leadership team has formed the organization to be what it is — including what is working and what is not working. In preparing for an OGSM, leaders must get ready for what may feel like criticism on their management and leadership approach. Additionally, they should prepare others within the organization for the struggles that will surface because of the process.

Change management is about leading through resistance and supporting team members as they struggle with shifts in practices and processes. Remember to:

- » Align compensation and reward programs to the direction and focus of the OGSM.
- » Revise work processes and key workflows that enable the OGSM — make the work of the OGSM easy to execute.
- » Free up the flow of critical information needed to enable the OGSM. Build in practices that improve transparency and information flow.
- » Review and adjust organization design, including manager spans and layers, to improve speed and empowerment.
- » Update business and individual performance measures to align to the OGSM.
- » Review managerial decision rights and decision limits considering the needs of the OGSM.
- » Communicate and re-communicate the critical change message. Talk to people. Don't just make presentations.

*"People don't resist change.
They resist being changed."*

– PETER SENGE



EXPERIENCE MATTERS

Although the process is simple, many times the answers are not obvious. ArchPoint's experience allows us the ability to focus on what matters – getting through internal presumptions to uncover the right choices for the business.

Additionally we developed myOGSM.com, a web-based application that automates the management and tracking of an organization's strategy. Companies who adopt myOGSM.com are able to more efficiently align teams, optimize resources, and enhance strategic execution.

We have helped hundreds of organizations create, communicate and execute their strategies. Contact us for a consultation today or schedule a demo of myOGSM execution software.

“When resources are limited, a prioritized OGSM is critical to drive focus.”



ArchPoint[®] Consulting  **WHATMATTERZ**

Sure, we're a consulting firm. But we aren't consultants. We are executives who consult. We serve business leaders—our peers—across the globe solving their most complex problems. Our team specializes in strategic planning and execution, HR strategy, talent management and culture change.

Visit www.whatmatterz.nl/en for more information