



DO BUSINESS FASTER™

A Better Five-Year Plan

Five-year plans are right up there with the wisdom of the ages. The problem is, they are a lousy way to run a business.

First, what's wrong with five-year plans?

- They quickly become limiting, pulling the organization to ignore changes in vital facts.
- Employees will limit their new ideas to those included in the plan.
- Even if they are brilliant when they are first composed, time and circumstances render them dangerously out of touch.
- They consume a lot of time and work, with diminishing returns.

Now, what's good about five-year plans?

- They force attention to what matters for success of the enterprise.
- They challenge orthodoxy, sometimes fostering shifts with high payoffs.
- They require a broader review of circumstances and possibilities than usual operations reviews include.
- Their development can improve the alignment and problem-solving of a leadership team.

SPEED BUMP: Five-year plans are like open heart surgery: dangerous, but sometimes useful.

What to do instead:

1. Do a five-year plan every year.
2. Change the format of the discussion to these outputs:
 - a. What are the three variables that will most impact our business in the next 24 months?
 - b. What are the three most promising targets for growth?
 - c. What is the most effective action to improve each of those targets in the next 12 months?
 - d. What is the highest leverage investment to make in the next 12 or 24 months?
 - e. Convert c and d into 12-month objectives for the company **and** each department.
 - f. What are the three key targets for five years from now (e.g., sales, profitability, geography, etc.)?
 - g. Adapt a–f above to move toward five-year targets.
3. Implement immediately

SPEED BUMP: Intense focus on one or two items gives the best chance of success.

A healthcare client doubled its market value in one year by shifting to relentless focus on the two vital variables for its success. It first did the hard work of finding the variables and building a system to aim and re-aim their employees toward the targets.

ACCELERANT: What is the highest impact variable in your company operation?