

TARGETED RESULTS



INTRODUCTION

Successful strategies can only be driven by managers with clear targets. These targets must be ambitious, credible, and fully aligned with agreed strategy.

Target results to measure success or failure includes:

Key levers

- › Financial results
- › Future cash flow
- › Future strategic balance sheet
- › Future impact of strategic initiatives
- › Competitive position

Measures of external performance can include share of industry profit pool, share of key customer segment or share of consumer spend, relative service performance and relative market position.

Guidance

At the end of the design phase, it is important to set clear targets as a final step. Turning initiatives, aspirations, organizations, and priorities into very specific targets is the end of the design phase, and the beginning of implementation. It is, as always, important to think about the long-term impact as well as hard and soft factors such as communication, acceptance, and documentation. The targets set may be initiatives, financial targets, EVA, Earnings before interest, depreciation, and tax divided by net operating assets, or any other important financial measure you have clearly defined.

It is also useful to set strategic goals, such as what do you want your reputation to be, what markets do you want to be in, what business would you like to buy, who would you like to work with, how do you want to change your ecosystem, etc. All of these factors will inform your future success. Once final specific targets have been set, the whole ecosystem should know what to do to help achieve these targets and how. This will create a culture that will allow for the goals to be achieved, and will help turn short, medium, and long-term visions into reality.

Key Takeaways

- › One of the most essential tasks in the entire Strategy process is to link the strategic exercise to the achievement of results in the real world
- › These results should be specific and measurable wherever possible
- › External measures include
 - › Market and business eco-system
 - › Accounting standards
- › Internal measures include:
 - › Employee satisfaction
 - › Employee retention
 - › Intellectual capital development
 - › Brand value
 - › Alliance capability

Questions to Consider:

- › Have you set clear targets for success?
- › How do you define success?
- › How do you measure success?