

# Smith Construction Company

## Strategic Planning Meeting February 18-19, 2005

Chief Operating Office	Steve Henderson
Director of Business Development	Steve MacDougal
President	John Smith
Office Manager / Director HR	Michelle Madison
Project Manager	Alan Masters
Senior Project Manager	Carl Summer
Vice President of Health Care	Ralph Dingus
Facilitator	Maria C. Birkhead



COMPANY PROPRIETARY

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## Vision and Mission

### Vision

Core Ideology		Envisioned Future	
Core Values	Core Purpose	Big Goal	Description
<ul style="list-style-type: none"> <li>Commitment</li> <li>Innovation</li> <li>Integrity</li> </ul>	Strengthening the fabric of communities with trusted construction services	By 2020 we will be one of the top five construction firms in our state	<ul style="list-style-type: none"> <li>Annual revenues will top the \$175,000,000 mark.</li> <li>Look for the Smith name on high rises throughout the state.</li> <li>The Smith Group will be known and respected all over our state for providing reliable and diverse construction services.</li> <li>We will maximize future growth with a commitment to safety, quality and innovative technology.</li> </ul>

### Mission:

Smith Construction is the most respected specialty construction firm in our state. We are committed to building with the highest standards of excellence, innovation, and integrity for our clients.

Building sound businesses and strong communities provides personal, professional, and spiritual fulfillment.

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Plan Summary

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## Strategy

### Over the long term:

By the close of 2010 we will have exceeded \$70,000,000 in gross revenue delivering a consistent 33% margin after bonus and profit-sharing. We will realize this gain through diversified organic growth. Our growth will also be augmented by the cultivation of strategic relationships with architects and developers within the communities we serve. Our primary market will continue to be the medical arena, and we will win more market penetration with at least two additional healthcare facilities. Our renovation business will increase by about 5%.

We will diversify our revenues with increased business in industrial markets such as warehouses, distribution centers, and light manufacturing.

We are open to joint partnerships when partners who can open doors for us or boost our capacity especially if it helps us land larger, more lucrative projects. When screening potential partners, we place the highest priority on the preserving one of our most precious assets, our reputation. We will only partner with those who share our values, and then only when their goals align with our goals.

We will expand geographically to include a 120 mile radius of the metro area, and we will entertain opportunity outside those boundaries for clients with whom we have already established a profitable relationship. We anticipate staying within our state.

We will manage and support our growth with 80 highly-trained employees, all qualified for their jobs. We will achieve this through vastly improved recruitment, retention and career development programs. Each employee will be provided with a clear set of expectations for performance to match job responsibilities. A carefully crafted employee review/coaching process will ensure maximum productivity and retention.

Our organizational structure will support our growth. Leadership/management skills will be emphasized. Our management development process will ensure internal promotion and succession to keep pace with our growth. Upper management will delegate responsibilities to a newly created mid-management level to free up time for strategic issues.

We will add 3 more locations for a total of 4 satellites, each with a small number of employees dependent upon need. *Example:* Project manager, a Superintendent, 4 Carpenters, and 2 Laborers.

Technology will play a substantial role in our ability to achieve our goals. For example, company-wide, we will have IP phone systems that will allow everyone to be reached wherever their work takes them. A web based project management software will facilitate project tracking in real time on location to reduce exposure and risk and increase efficiency. We will have a full time IT person on staff to facilitate these and similar advancements.

We will raise our profile with more recognition of our logo. *e.g.* association with specific projects. Our existing branding will be amplified statewide.

### Over the mid-term:

By August 2006, we will have diversified our client base for maximum repeat business by winning additional business in our current markets and in one completely new market arena.

Our organizational structure will have been continually monitored and updated to meet the increased demand of our planned growth. The company's job mix will be re-defined and job descriptions updated in alignment with clearly documented levels of responsibilities and required competencies for each job. We will invest in the success of our employees with career and leadership development programs.

Our processes and systems will have been streamlined and standardized for maximum efficiency.

Everyone in the company will know about our vision, values and goals, and each person will understand how to contribute to our future success.

We will sustain the momentum of our strategic plan with an ongoing team effort to execute and track our action plans for maximum results.

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## Goals

1. Diversify client base for maximum repeat business. Steve MacDougal
2. Invest in career development program. Michelle Madison
3. Create infrastructure to support growth. Ralph Dingus
4. Standardize systems and processes. Steve Henderson
5. Maintain the momentum of the strategic plan. John Smith

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## Key Result Measures

1. Diversify client base for maximum repeat business. Steve MacDougal
  - 1.1 We have won work in at least two additional health care systems. STEVEM
  - 1.2 We have won work with at least two new developers. STEVEM
  - 1.3 We have won work with at least one private institution. STEVEM
  - 1.4 We have entered into at least one new market arena. STEVEM
  - 1.5 We have leveraged relationships with our employees for maximum return. STEVEM
  - 1.6 Superintendents and Project Managers have taken ownership of our marketing plan. STEVEM
2. Invest in career development program. Michelle Madison
  - 2.1 Existing career development program industry resources have been identified. MICHELLEM
  - 2.2 We have a tailored leadership development training program for personal growth and evaluation purposes. MICHELLEM
  - 2.3 We have developed leadership categories based on technical skill sets availability. MICHELLEM
  - 2.4 We have web based training programs. MICHELLEM
3. Create infrastructure to support growth. Ralph Dingus
  - 3.1 Annual organizational charts have been developed that project 4 years out assuming an 8-10% growth rate. ALANM
  - 3.2 There are defined job descriptions for all positions on the organizational chart in January 2006. ALANM
  - 3.3 The stair step system is linked to reviews for PM's, assistant supervisors, supervisors and carpenters. ALANM
4. Standardize systems and processes. Steve Henderson
  - 4.1 The accounting process has been reviewed and recommended changes made. STEVEH
  - 4.2 Project management process controls and procedures have been implemented. STEVEH
  - 4.3 The archive library is up and running, fully functional, and centralized. MICHELLEM
  - 4.4 Website tools providing employee back-door assistance are fully functional. MICHELLEM
5. Maintain the momentum of the strategic plan. John Smith
  - 5.1 We complete all Key Results Measures – in spirit as well as measure. JOHNS
  - 5.2 The strategic plan has been clearly communicated at all levels. JOHNS

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## Calendar of Action Steps

Action Steps 19 Feb 05	Accountable Person	Due By Date	Status
5.1.1 Make sure project managers are included in development and implementation	SteveH	Ongoing	
4.2.1 Draft daily logs on web	SteveH	Daily	
5.3.1 Champions show plan to advisory board for feedback	JohnS	02/28/05	
3.1.1 Create job mix analysis – review the last 7 years	Alan	03/23/05	
4.1.1 Accounting committee completes its 3 <sup>rd</sup> meeting on systems	BradG	03/23/05	
5.1.2 Meet with champions monthly	JohnS	03/23/05	
5.2.1 Friday morning meeting with project managers	JohnS	03/23/05	
2.1.1 Contact member association (AGC/ABC) with regards to career development programs	Michelle	03/23/05	
2.1.2 Contact other contractors to garner career development program information	Michelle	03/23/05	
2.2.1 Evaluate/determine "upper" list	MichelleM	03/23/05	
4.3.1 Determine potential archive library contents	MichelleM	03/23/05	
4.3.2 Determine location of digital file	MichelleM	03/23/05	
3.2.1 Determine immediate need/job to fill first	RalphD	03/23/05	
3.2.2 Review existing work load with SteveH and Alan	RalphD	03/23/05	
4.1.2 Make specific recommendations for changes to the accounting process	SteveH	03/23/05	
1.6.1 Develop outline of an "Internal business development plan"	SteveM	03/23/05	
1.1.1 Develop health care systems target list with JohnS, and RalphD	SteveWH	03/23/05	
4.4.1 Website tools providing employee back-door assistance are on-line	Richard Mishee	04/01/05	
3.1.2 Combine job mix with projected organization chart	Alan	04/23/05	
4.1.4 Schedule meeting with software rep to meet and review existing additional accounting modules	BradG	04/23/05	
4.2.2 Have Carl review super manual to list all "action items" on a daily, weekly, monthly, by job	CarlS	04/23/05	
2.1.3 Contact training companies - outsourced resources – with regards to career development programs	DawnS	04/23/05	
1.5.1 Solicit list from company of current contacts to enable us to leverage relationships with our employees for maximum return	MichelleM	04/23/05	
2.4.1 Determine web-based training program technical capabilities of industry – what's out there	MichelleM	04/23/05	
4.1.3 Form committee to measure human input and process with regards to accounting processes	SteveH	04/23/05	
1.2.1 Schedule first meetings face to face with each of the developers on the target list	SteveM	04/23/05	
1.3.1 Develop target list of potential private institutions	SteveM	04/23/05	
1.3.2 Distribute our marketing mailer to potential private institutions showing photos of private institution project	SteveM	04/23/05	
1.4.1 Develop a list of potential new market areas	SteveM	04/23/05	
1.6.2 Present approved outline of "Internal business development plan" to Project Managers	SteveM	04/23/05	
4.4.2 Get Expedite 9.1 on line	JohnS	05/01/05	
3.1.3 Create actual organization chart with Ralph	Alan	05/23/05	
3.3.1 Define stair step definitions for each discipline	AlanM	05/23/05	
4.1.5 Accounting committee presents findings to date on system challenges and the next evaluation process	BradG	05/23/05	
5.1.3 Meeting with Myrna Associates quarterly	JohnS	05/23/05	
5.2.2 Plan and updates through newsletter	JohnS	05/23/05	
4.2.3 Evaluate web expedition	LukeJ	05/23/05	

2.1.4 Evaluate/determine need to develop 'new' career development program with CarlS/COO	MichelleM	05/23/05	
2.2.2 Evaluate leadership development training needs using organizational chart with RalphD and Alan Masters	MichelleM	05/23/05	
2.2.3 Create implementation qualification standards for leadership development training	MichelleM	05/23/05	
2.2.4 Develop leadership categories based on evaluation of program availability	MichelleM	05/23/05	
2.2.5 Develop leadership categories based on technical skills	MichelleM	05/23/05	
2.3.1 Evaluate existing employee skill sets with J. Spitz and MarrS	MichelleM	05/23/05	
2.3.2 Work with AM /05 RD to evaluate skill set needed (job mix)	MichelleM	05/23/05	
2.3.3 Create qualification standards for leadership training	MichelleM	05/23/05	
2.4.2 Develop "back door" means of web-based implementation for training	MichelleM	05/23/05	
4.3.3 Complete the actual archiving of files - develop implementation plan	MichelleM	05/23/05	
3.2.3 Review existing job description, form committee	RalphD	05/23/05	
3.2.4 Input new job descriptions added by organization chart	RalphD	05/23/05	
3.3.2 Revise existing review sheets with Alan's help	RalphD	05/23/05	
3.3.3 Combine stair step into new review process with Alan	RalphD	05/23/05	
4.2.4 Meet with project managers to discuss supervisor's weaknesses, discuss/define action items for improvements	ScottA	05/23/05	
1.1.2 Complete first round of initial contacts with health care systems targets (10-20)	SteveM	05/23/05	
1.1.3 Present JCAHO program to our health care systems targeted prospects	SteveM	05/23/05	
1.2.2 Present at least one new developer project	SteveM	05/23/05	
1.2.3 Complete training on construction issues they need help with	SteveM	05/23/05	
1.3.3 Become bidder on one invited short list of private institution project	SteveM	05/23/05	
1.6.3 Present approved outline of "Internal business development plan" to Superintendents	SteveM	05/23/05	
5.3.2 Champions updates plan at each meeting by each champion (every 120 days)	JohnS	06/23/05	
5.2.3 Team briefs company at summer party on overall plan, champions do a brief presentation	JohnS	07/23/05	
2.4.3 Communicate new web based training program system to employees	MichelleM	02/19/06	

## Assumptions<sup>1</sup>

1. We will continue to serve Boomer.
2. This team will still be here.
3. The marketplace is still viable.

An assumption is a *temporary* but *careful estimate* regarding some *probable development* that will have a *major impact* on a company, which cannot be predicted with accuracy and over which you have *little control*.

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## Team Members Written Commitment

I will do my best to implement all what I am supposed to do.



I'm committed to this PLAN. AND giving 100% of myself to improve our Company!



I AM COMMITTED TO SEEING THROUGH ON MY PART OF THE STRATEGIC PLAN AND FOLLOWING THROUGH TO COMPLETION.



TODAY, IT IS MY PLEASURE TO COMMIT TO AND TAKE AN ACTIVE ROLE IN THE STRATEGIC PLAN!



I am committed to completing all action items on time and take full ownership of my assigned action plans.



I am committed to the successful implementation of this new strategic plan.



I AM COMMITTED TO DEDICATING MY TIME & RESOURCES AS WELL AS THOSE OF THE COMPANY FOR DEFINED GROWTH OF THE CO. THRU OUR STRATEGIC PLAN & PLANNING. I RECOGNIZE THIS IS A LIVING DOCUMENT, SUBJECT TO CHANGE. ACCOUNTABILITY FROM ALL PARTICIPANTS IS A KEY ELEMENT, AS WELL AS A COMMITMENT TO CONTINUALLY WORK ON IT. THIS IS HOW WE'LL GET TO OUR BHAG.



## Planning Calendar

Share results with company distribute mission and goals	February 30, 2005
Publish plan with revised action plans	March 9, 2005
Action step updates built into team meetings	March 9, 2005
Action steps reviewed at team/review meetings	Monthly
Review and revise plan (full day meeting)	May 2, 2005
Review and revise plan (full day meeting) date tentative	August 19, 2005
Review and revise plan (full day meeting) date tentative	November 20, 2005
Annual two day planning meeting for 2006 strategic plan date tentative	February 17, 2006 February 18, 2006

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Getting Started

## Meeting Agenda

### *First day*

1. Opening Remarks
2. Meeting Ground Rules and Roles
3. Meeting Expectations
4. Strategic Planning Process
5. Stakeholder Expectations
6. Consolidate Weaknesses, Opportunities, Threats and Strengths
7. Analyze Trends
8. Develop a Vision and Mission
9. Develop a Strategy

### *Second day*

1. Review first day's progress  
Vision and Mission Statement  
Strategy
2. Discuss and prioritize Critical Issues
3. Identify Strategic Goals
4. Develop Strategic Goal Action Plans  
Champion and Co-champions  
Key Results Measures  
Action Steps
5. Develop Implementation Management Process and  
Planning Review Calendar
6. Review and Evaluate Meeting - Personal Commitments

## Team Members' Personal Expectations

(Planning Meeting Input)

A discussion of strengths weaknesses opportunities and threats that will produce a unified and specific set of goals and objective for our corporate fulfillment.

An agreed upon vision for the company for the next 5 years. Development of short and long term goals for the firm that are assigned to individuals to champion the efforts and those goals are reviewed measured and adjusted so we can meet our vision.

Identify vision/goals for next 1-5 years. Identify areas that would hinder achieving these goals. Discuss in detail how those areas can be changed or eliminated.

Layout a useful plan for the next 5 years that management believes in and will work to put in place and management will report on regular basis (quarterly with) the Advisory Board to make sure we are persistent in following the 5 year plan.

My hope is that we can come to agreement on what direction the company should go and the best way to get there. To develop a clear and concrete goal strategy that will focus the company with renewed impetus toward increased revenues efficiency and purpose.

The main event for will be to find out where I fit within the company as to my goals and strengths. Our company is growing larger and larger I feel that it may not be under complete control. I have been with this firm for the past 15 years and I my plan is to retire from this company. I want it to be the best it can be. I would like to stop working 10 to 14 hour days.

To lay out key elements of how we want to get to our 5 year vision. Put those goals and expectations down with clear direction on who's to do what and when. To be able to visit those goals at pre-determined times for accountability and redirection purposes. To have free and open discussion of the issues we face or will be facing with input from everyone without fear.

## How could the meeting fail – what did you like best?

### *First day (How could the meeting fail?)*

- If everyone is not involved in the process
- If we are not honest with ourselves about what we lack and what we need to do that is best for the company.
- If we create a plan that we can't or won't or don't implement.
- If we do not fully understand our vision... if the picture is not clear we will not know how to get there.
- If we don't take ownership of the plan
- If we keep silent or fail to commit to action out of fear of failure
- If we take things personally when the discussions get sensitive and we shut down

### *Second day (What did you like best about yesterday?)*

- Liked all of it, and the systems discussions and the visioning
- Liked and was impressed with how we got through the agenda, how good it was to hear the individual visions... find out where everyone is coming from. We are ready to put it all together
- Liked seeing our success as a company as a team... the unity of the team
- Liked the core value, core purpose and mission discussions
- Liked the sheer volume of ground we covered
- Liked the stair-step authority/responsibility method
- Liked the visioning... seeing the different perspectives and thoughts come together

## Stakeholder's Expectations

### *Customers*

- Quality employees / relationships
- Competitive price
- Consultative – help them solve their business problem. I.e. to assist them create value.
- Quality, timely, innovative, product.

### *Employees*

- A ladder for growth
- Good wage
- Job security
- More structure
- Fun and satisfaction.
- Recognition
- Source of pride.

### *Shareholders (Owners)*

- Increasing value - Return on Investment – better than a 5% T-bill or mutual fund's 11%. (Given the risk – at least 13%)
- 100% effort.
- Leaving a legacy
- Less firefighting.
- Satisfaction in growing a business and seeing others in the company be successful.

### *Vendors*

- Get paid on time. Financial stability.
- Growth – see more business from us.

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## Where are we?

## Weaknesses (consensus)

1. Uncontrolled growth without infrastructure support
2. Employees strength/caliber limited
3. Lack of integrated standardized systems
4. Lack of diversification of client base
5. Lack of defined goals

## Weaknesses

(Planning Meeting Input)

1. Career paths
2. Clarian staffing/depth
3. Completion on time
4. Estimating Depth
5. Flexibility and the ability to shift markets.
6. Integrated or standardized operating procedures.
7. Internal controls
8. Lack of defined goals. Lack of strategic planning and goal setting.
9. Lack of unity among employees/leadership
10. Market change in health care
11. New Markets
12. No company wide systemization
13. Poor training programs
14. Project Management Depth
15. Quality control.
16. Quality Hires. Shortage of great people. Lack of experienced personnel. The ability to react quickly to increased manpower needs (qualified persons). Under staffed in positions such as project supervision and estimating. Spending money to get good people. Using weak employee's (warm bodies).
17. Reliance on 1-2 key clients.
18. Tom's concentration on perfection
19. Uncontrolled growth or growth without support.
20. Unstable computer systems.
21. Very little supervision of key management employee's

## Opportunities (consensus)

1. Management restructuring to gain time
2. Additional health care networks
3. Technology/technical training
4. Showing more interest in employees... recognition

### Long term

1. Commercial development
2. Religious connections

## Opportunities

(Planning Meeting Input)

1. Daily logs to office on weekly basis
2. Equipment and software upgrades.
3. Expedition training
4. Give existing management more time to manage in lieu of putting out fires
5. Hire project manager for Boomer
6. Hiring someone with Const. Mgmt. (Advisory) experience
7. Joint ventures
8. More company mtgs (super/pm to reinforce company's integrity
9. New accounting software
10. New bus. dev. person
11. Other healthcare networks
12. Raised profile w/in commercial development community.
13. Raised profile w/in healthcare community
14. Raised profile w/in pvt. education community
15. Religious connections
16. Restructure existing management team or add middle management
17. Scan all Record Drawings
18. Show employee's that they are needed
19. Training on current project management software.

## Threats (consensus)<sup>2</sup>

Strictly speaking these wouldn't put us out of business in only 90 days but would be truly *character building*:

- Loss of Boomer
- Loss of John

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<sup>2</sup> We chose to more tightly define threats as items that could us out of business in three months.

## Threats

(Planning Meeting Input)

1. Burnout of Boomer staff.
2. Employee burn out and quit
3. Liabilities associated with safety
4. Losing healthcare clients (Boomer).
5. Loss of a key employee/owner. Loss of key employee's to other companies. Loss of key owner (Tom). Loss of Beth Tarkow at Boomer.
6. Moratorium on healthcare construction. National Healthcare reform. Changes in healthcare policies.
7. Profitability continuing to decline
8. Rising material costs

## Strengths (consensus)

(all equal)

- Financial Standing
- Leadership
- Reputation

## Strengths

(Planning Meeting Input)

1. A level staff and management. Dedicated staff. Key leadership. Quality employees. Strong upper level management. Top employee's.
2. Church work. Faith factor.
3. Debt free.
4. Existing client relationships
5. Experience in Healthcare work. Healthcare experience. Knowledge of Hospital/Healthcare construction. Our knowledge of medical field.
6. Financial Condition. Financial strength of the company. Strong financial position (lack of debt).
7. Good Morals.
8. Great backlog of work.
9. Opportunity to make strong hires.
10. Over all personal experience.
11. Repeat Clients. Strong repeat client base.
12. Reputation. Reputation in community. Respected name within the industry.
13. Standard of perfection.
14. Subcontractor relationships
15. The track record Smith construction.

## Trends (consensus)

Trend	Upside	Downside
1. Medical market growing due to aging population	More work... bigger pie... more demand, more profit	Competition increasing leading to the potential for reduced profits
2. Technology changes/advances	Requires construction to accommodate in medical facilities	Difficult to keep current, maintain expertise... can't always budget early enough in the process to ensure enough profits
3. Doctors' issues such as government control, taxes, litigation and rising cost of health care	Requires new buildings	Potential threat of "Certificate of Need"

## Trends

(Planning Meeting Input)

1. Boomer Health Partners
2. Construction Management in the public sector
3. Developer
4. Employees who are trained well to use new high tech equipment
5. Expansion of developer driven retail commercial medical facilities
6. Gov. entities negotiating CM services.
7. Healthcare demands continues to grow. Healthcare reimbursements. Regional healthcare expansion. Growth in healthcare construction. Technological changes in healthcare.
8. Increased use of computers in all offices
9. Institutional
10. Internet
11. Major city development - Channel Life Sciences
12. Margins in Construction
13. More competitive bidding in the healthcare market.
14. Negotiated work and Design/Build
15. Private developer markets.
16. Relationships with A/E firms
17. Religious. Religious and 501c3 partnerships with for profit entities. Growth in large church construction.
18. Retail
19. Slow down of existing development clients.
20. Subcontractors going under.
21. Top management changes with our clients
22. Web-based technology

## Other issues and items (consensus)

1. Safety Management... Could possibly still be outsourced, even when we reach \$70M. Need to monitor and adjust with growth
2. Unionization of Boomer... A potential threat and one more reason diversification is critical to our enduring success
3. Accounting program... Benefits must be equal to or greater than the required investment

## Other issues or items to consider:

(Planning Meeting Input)

1. Creation of a company death plan for the owners
2. Educate our trainers
3. Employee retention
4. Financial controls
5. Future stock holders
6. Hire more qualified employee's
7. Increased Overhead
8. Opening up company ownership
9. Stop employee burn out

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Where do we want to be?



## Vision Statement Phrases

### Core Value

Innovation	Commitment	Integrity
Innovation	Customer satisfaction	Integrity
Innovation	Excellence	Integrity
Innovation	Quality	Integrity

### Core Purpose

- A better community through innovative construction
- Achieve customer satisfaction and promote employee well-being and provide quality buildings for a better community
- Achieve customer satisfaction on each and every project
- Be a respected leader in construction industry
- Building community through quality spaces
- Building quality relationships
- Constructing the fabric of a community
- Engage employee growth in a family atmosphere
- Provide extraordinary service to clients
- Supporting community through building vision

### Big Hairy Audacious Goal - BHAG

- 10 years - \$150M and diversified into a minimum of 2 other groups e.g. Architecture and Maintenance
- Be in the top 8 in the our region... multiple tower crane jobs
- Be the premier construction firm in Indiana
- High Rise = \$100M
- Medical = \$100M
- Top 5 construction firms in Indiana in 10 years
- Within 10 years, have \$100M in revenues a year with our own in-house Architecture and Maintenance Departments

## Vision Statement Phrases

(Planning Meeting Input)

### Core Values

Consistent quality construction  
 Continuity.  
 High level of quality/customer satisfaction.  
 Innovation. Innovation.  
 Integrity. Integrity. Integrity. High level of integrity. Honesty with clients and subcontractors.  
 Reliability  
 Respect for it's employees.  
 Service to Clients

### Core Purpose

Achieve customer satisfaction employee wellbeing and involved in community needs- too vague??  
 Build quality buildings on time and within budget  
 Professional - 2. Personal - 3. Spiritual fulfillment  
 Provide our clients with the best facility for a fare cost and delivered on the clients time table.  
 Providing intelligent high-quality construction for maximum client satisfaction and profit  
 To be a respected leader in the industry and community through extraordinary service to it's clients dedication to the growth of it's employees and the commitment to the family business concept.  
 To Build Safe /05 Quality Projects

### Big Hairy Audacious Goal - BHAG

\$100 million revenue mark 100 employees  
 Become the premiere healthcare construction firm in our state.  
 Expand operations into surrounding states.  
 Growing the company to a top 8 company in our state and remain profitable  
 Move in to the development market  
 To be the size of Big Construction Guys

## Mission Statement Phrases

### Who we want to be

- Integrity General Contractor, Respected Leader,
- Honest, Quality, Profitable, Always following up and keeping your word
- Branded, integrity, trusted, respected, reliable
- World class builder, Known for design/build construction

### What we want to do

- Satisfy customers, program managers, delivery of safe projects
- Build quality buildings, construction services, commit to excellence
- Invest in quality, people and systems, training employees

### Who we want to do it for

- Clients who share our values, recognize value, Honest owners who have integrity as well
- Employees, Medical clients, the state of IN, Quality clients, Private institutional, Bldg. owners
- Relationship oriented owners

### Why we do it

- To create/build a better society/community and make a profit.
- To be proud of the final product
- Career opportunities for employees
- Profit
- Because it is the right thing to do and it needs to be done
- To build strong business and community
- Personal, professional, spiritual fulfillment

## Individual Company Mission Statements

(Planning Meeting Input)

### Who we want to be

A company that is known for its professionalism  
 A well organizationally structured construction firm.  
 An ethical contractor serving as a trusted team member for the owner  
 Highest quality service provider in the industry  
 Leading General Contractor  
 Respected leaders in the industry  
 The most reliable GC/CM in Indianapolis

### What we want to do

Be the best Construction Services provider in Central Indiana  
 Complete projects on time within budget have a satisfied client while doing this in an orderly fashion with minimum unknowns  
 Develop more Medical related work  
 Intelligent Innovative High-Quality Construction Services  
 Meet and exceed our clients needs  
 Provide highest quality construction services available  
 Provide the highest quality of service to our clients.

### Who we want to do it for

Existing and future Clients. Our clients.  
 Owners /05 decision makers of professional value driven companies  
 Owners and Developers that want to work together as a team  
 Owners who pay on time and appreciate the value of our services  
 Private clients  
 Repeat or long standing clients.

### Why we do it

Because it the right thing to do  
 For Professional Personal /05 Spiritual fulfillment  
 Prestige and the pleasure of achieving satisfaction.  
 Provide career opportunities for our employees to prosper and maintain controlled growth of the firm  
 To add value to the overall communities we service.  
 To be one of the top construction company's in central Indiana  
 To be profitable while making a difference within the community.

## Individual Five Year Visualization

(Planning Meeting Input)

80 employees including 15 project managers annual revenue of \$70-75 Million. Increased middle management team of Sr. PMs general super etc. Maintain profitability. Improved internal controls. Develop 3-4 new clients. Gain experience in another market or two-light industrial tilt-up etc. Become web based internally.

Five years from today I would like to see us perform a solid \$55 million yearly. I would like to see more market penetration into other healthcare facilities - like Community Hospitals and St. Vincent's. I would like to see us doing more diversified projects in other construction markets i.e. instructional and commercial. I would like to see us handling larger (\$10-20 million) projects more than one at a time. I would like to see current personnel trained for long term promotion opportunities fostering the loyal employees we already have into the leaders we will need tomorrow. I would like to see a defined company goal/direction in which all employees can invest. I would like to see a streamlined company-wide systemization of all processes - paperwork purchasing administration.

I would like to see the company strategically grow- in a controlled environment at a rate of 10 to 15% per year. I'd like it to have sales of \$55 Million in a diversified market including some industrial/warehouse work. Maybe have a metal building component. Would still like to stay with a territory central to our state. Employee base of around 65. Diversify our Healthcare operations to not rely so heavily on Blueface and Boomer. From a technology standpoint the only thing I could see us adding is an IP phone network as long as high speed internet is available at jobsites at a low cost. I don't see adding branch offices unless we get ingrained at a large user site similar to Boomer Health Partners. Don't see any mergers or acquisitions in this time frame. Would like to see a level of upper management in place to free me up from the mundane day-to-day operational issues. Steve is excellent with this. Need to look at what areas we need to grow this upper and middle management to and how to handle the overhead to remain lean.

In 5 years I would like to see a more Health care work taking place like that at Boomer with at least (4) different Hospitals. Both at the Large capital levels and maintenance. Total sales some where between 50 to 60 million. I would like to see the company become more standardized in project cost control forms and accountability of projects.

Relatively modest growth both financial and headcount. Well established training programs Implement technology that will help growth beyond 5 year period.

Sales 48 to 50 Million Add possibly industrial retail /05 or Big Box construction Products none Location same as now unless an existing client wants us to travel. Head count 65.

## Market focus (consensus)

See the Strategy on page 1

### Major market focus

(Planning Meeting Input)

1. Big Box
2. Commercial. Commercial. Commercial Retail.
3. Developments
4. Financial Institutions
5. Healthcare. Healthcare. Healthcare. Healthcare. Healthcare. Healthcare. Healthcare.
6. Industrial
7. Institutional
8. Institutional / Commercial
9. Light Industrial
10. Multi-housing/Retail
11. Office
12. Religious. Religious. Religious. Religious. Religious. Religious institutions.
13. Renovations
14. Retail

## Product focus (consensus)

See the Strategy on page 1

### Major product focus

(Planning Meeting Input)

1. Construction Management. Construction management. Construction management as constructor. Construction management - new construction. Construction services.
2. Design /05 Build services. Design Build. Design/Build.
3. General Construction. General construction services.
4. General Contracting
5. Healthcare maintenance work
6. Marketing top Developers
7. New hospital or Medical clients
8. Plant Maintenance
9. Pre-construction services
10. Renovation

### Acquisitions we should consider

(Planning Meeting Input)

1. Additional Joint Venture projects
2. Another Joint Venture.
3. None. None. None
4. Small possibility of small firm that could assure a specific client

## Discussions

*How should we solve the employee caliber issue?*

- Attract and retain experienced, talented people with a good working environment and good benefits
  - Create systems that support productivity
  - Define expectations of jobs
  - Help the right people to the right seats on the bus... This starts with an organizational structure
  - Implement a career development process to foster fulfilling work with opportunities for each employee
  - Obtain methods to grade/analyze strengths for recruitment
  - Provide training
  - Utilize a structured process for advancement/leadership development
- ∴ We will commit to investing in our people... more coaching, mentoring, and development.

*What are some changes we need to be aware of with Boomer that we need to be aware of as we plan?*

- Their culture is changing. Loyalty is not such a priority.
  - We don't have enough "A" guys so we can't always give them what they want
  - With the exception of maintenance, they are spreading the work around more.
- ∴ We need to diversify our medical business so that if our Boomer business diminishes or goes away, we won't take such a big hit.

*How will we redistribute our revenues for maximum profitability and minimal risk?*

Client	Current % of Business	Ideal % of Business
Boomer	23%	20%
Stonegate	29%	25%
One- Time Projects	48%	25%
New Health Networks and Developers	0%	25%
Misc., schools, banks, churches etc.		5%

*What about our work is most motivating? What are we passionate about?*

- The challenges of a huge project
- The legacy of a building that people can use and we can be proud of for a long time
- The pride of contributing to community for people

What revenue did the team want to see within five years

Revenue	Rationale
\$120,000,000	Potential growth with a 25 to 30% increase in "A" guys
\$75,000,000	Good, steady controllable growth and 1/2 of our 10 year BHAG
\$65,000,000	10 to 15% growth per year and because Steve MacDougal will focus on marketing proactively
\$64,800,000	About 10% growth per year
\$60,000,000	Controlled growth
\$55,000,000	Controlled growth based on our # of Project Managers
\$54,000,000	5 years @ 8% annual growth
\$70,542,857	Average

∴ We settled on \$70,000,000

**Decision making approaches**

There are three different decision making approaches

- Unilateral
- Participatory
- Consensus

∴ We need to make sure that we use the appropriate decision making process, that we are clear to everyone what process we are using, and accept the consequences of each approach.

**What are the four "go ahead" questions for any project?**

- Is it real?
- Can we do it?
- Can we win?
- Is it worth it?

∴ If we can't believe a yes answer for all four questions we shouldn't do it.

**Context**

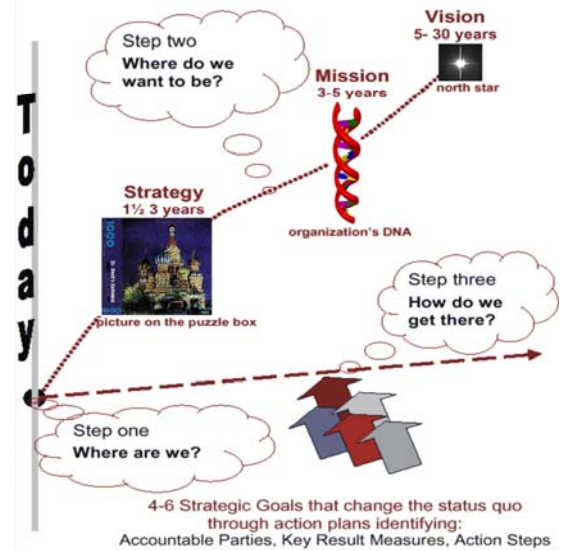
Every employee requires a context for their work. Lacking input from management, each employee will tend to create a very narrow definition. This is illustrated by a classic story. An individual came across three people digging on a building site. One by one, the individual asked what each digger was doing:

- The first man said he was working until 5pm when he could pick up his paycheck and go home.
- The second man said he was digging a ditch.
- The third man said he was building a cathedral and pointed to a large picture of the finished structure on a billboard.

Which employee was the most satisfied? Which employee did the best work? Now, suppose they three diggers suddenly hit sand? The first two diggers will continue to dig while the third will immediately contact management since he realizes that you can't build a cathedral on sand.

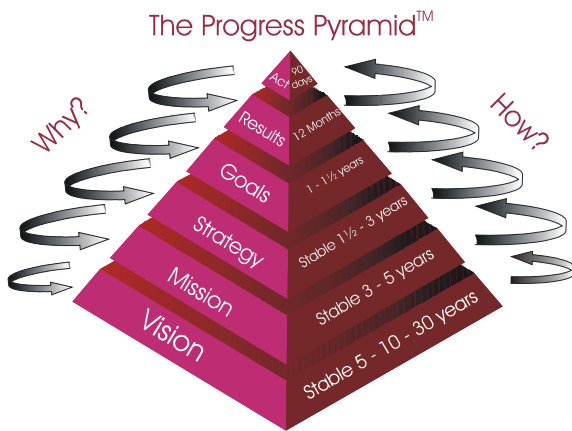
∴ Just imagine if we could create a vision of our cathedral for all our employees. Just imagine.

# Strategic Planning



Strategic planning is a simple matter of looking  
**Where are we** – established by surfacing and understanding our current issues through discussing and prioritizing stakeholder expectations, challenges, and opportunities. This includes a projection/forecast of where the status quo is taking us  
**Where do we want to be** – established through defining a vision, a mission, and a strategy.  
**How do we get there** – established by reaching consensus on a small set of strategic goals that change the status quo. Strategic goals which are expanded into action plans with key result measures, champions, action steps, accountable parties and dates.

**What is the Progress Pyramid?**



**Action Steps** – immediate actions – *what, who, when*, creates Results  
**Key Results** – 4-6 per goal, defines and implements Strategic Goals  
**Goals** – around 5 changes in the status quo, implements Strategy  
**Strategy** – visualization of future size and scope, executes Mission  
**Mission** – organizational DNA, affirmation of how to fulfill Vision  
**Vision** – statement of Values, Purpose, and Envisioned Future

∴ To generate results you have to finish what you start. To finish what you start you have to work from a base that remains stable over the life of the investment. Each level of the pyramid is more stable than the level above it.

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How do we get there?

## 1. Diversify client base for maximum repeat business. Steve MacDougal

### Key result measures:

- 1.1 We have won work in at least two additional health care systems. STEVEM
- 1.2 We have won work with at least two new developers. STEVEM
- 1.3 We have won work with at least one private institution. STEVEM
- 1.4 We have entered into at least one new market arena. STEVEM
- 1.5 We have leveraged relationships with our employees for maximum return. STEVEM
- 1.6 Superintendents and Project Managers have taken ownership of our marketing plan. STEVEM

**Champion:** Steve MacDougal **Co-Champion(s):** John Smith, Michelle Madison, Ralph Dingus

Action Steps 19 Feb 05	Accountable Person	Due By Date	Status
1.1 We have won work in at least two additional health care systems.	STEVEM		
1.1.1 Develop health care systems target list with JohnS. and RalphD	SteveM	03/23/05	
1.1.2 Complete first round of initial contacts with health care systems targets (10-20)	SteveM	05/23/05	
1.1.3 Present CAJA program to our health care systems targeted prospects	SteveM	05/23/05	
1.2 We have won work with at least two new developers.	STEVEM		
1.2.1 Schedule first meetings face to face with each of the developers on the target list	SteveM	04/23/05	
1.2.2 Present at least one new developer project	SteveM	05/23/05	
1.2.3 Complete training on construction issues they need help with	SteveM	05/23/05	
1.3 We have won work with at least one private institution.	STEVEM		
1.3.1 Develop target list of potential private institutions	SteveM	04/23/05	
1.3.2 Distribute our marketing mailer to potential private institutions showing photos of private institution project	SteveM	04/23/05	
1.3.3 Become bidder on one invited short list of private institution project	SteveM	05/23/05	
1.4 We have entered into at least one new market arena.	STEVEM		
1.4.1 Develop a list of potential new market areas	SteveM	04/23/05	
1.5 We have leveraged relationships with our employees for maximum return.	STEVEM		
1.5.1 Solicit list from company of current contacts to enable us to leverage relationships with our employees for maximum return	MichelleM	04/23/05	
1.6 Superintendents and Project Managers have taken ownership of our marketing plan.	STEVEM		
1.6.1 Develop outline of an "Internal business development plan"	SteveM	03/23/05	
1.6.2 Present approved outline of "Internal business development plan" to Project Managers	SteveM	04/23/05	
1.6.3 Present approved outline of "Internal business development plan" to Superintendents	SteveM	05/23/05	

## 2. Invest in career development program. Michelle Madison

### Key result measures:

- 2.1 Existing career development program industry resources have been identified. MICHELLEM
- 2.2 We have a tailored leadership development training program for personal growth and evaluation purposes. MICHELLEM
- 2.3 We have developed leadership categories based on technical skill sets availability. MICHELLEM
- 2.4 We have web based training programs. MICHELLEM

**Champion:** Michelle Madison **Co-Champion(s):** Alan Masters, Carl Summer, Ralph Dingus, Steve Henderson

Action Steps 19 Feb 05	Accountable Person	Due By Date	Status
2.1 Existing career development program industry resources have been identified.	MICHELLEM		
2.1.1 Contact member association (AGC/ABC) with regards to career development programs	Michelle	03/23/05	
2.1.2 Contact other contractors to garner career development program information	Michelle	03/23/05	
2.1.3 Contact training companies - outsourced resources - with regards to career development programs	DawnS	04/23/05	
2.1.4 Evaluate/determine need to develop 'new' career development program with CarlS/COO	MichelleM	05/23/05	
2.2 We have a tailored leadership development training program for personal growth and evaluation purposes.	MICHELLEM		
2.2.1 Evaluate/determine 'upper' list	MichelleM	03/23/05	
2.2.2 Evaluate leadership development training needs using organizational chart with RalphD and Alan Masters	MichelleM	05/23/05	
2.2.3 Create implementation qualification standards for leadership development training	MichelleM	05/23/05	
2.2.4 Develop leadership categories based on evaluation of program availability	MichelleM	05/23/05	
2.2.5 Develop leadership categories based on technical skills	MichelleM	05/23/05	
2.3 We have developed leadership categories based on technical skill sets availability.	MICHELLEM		
2.3.1 Evaluate existing employee skill sets with J. Spitz and MarrS	MichelleM	05/23/05	
2.3.2 Work with AM and RD to evaluate skill set needed (job mix)	MichelleM	05/23/05	
2.3.3 Create qualification standards for leadership training	MichelleM	05/23/05	
2.4 We have web based training programs.	MICHELLEM		
2.4.1 Determine web-based training program technical capabilities of industry - what's out there	MichelleM	04/23/05	
2.4.2 Develop 'back door' means of web-based implementation for training	MichelleM	05/23/05	
2.4.3 Communicate new web based training program system to employees	MichelleM	02/23/05	

## 3. Create infrastructure to support growth. Ralph Dingus

### Key result measures:

- 3.1 Annual organizational charts have been developed that project 4 years out assuming an 8-10% growth rate. ALANM
- 3.2 There are defined job descriptions for all positions on the organizational chart in January 2006. ALANM
- 3.3 The stair step system is linked to reviews for PM's, assistant supervisors, supervisors and carpenters. ALANM

**Champion:** Ralph Dingus **Co-Champion(s):** Alan Masters, Steve Henderson

Action Steps 19 Feb 05	Accountable Person	Due By Date	Status
3.1 Annual organizational charts have been developed that project 4 years out assuming an 8-10% growth rate.	ALANM		
3.1.1 Create job mix analysis - review the last 7 years	Alan	03/23/05	
3.1.2 Combine job mix with projected organization chart	Alan	04/23/05	
3.1.3 Create actual organization chart with Ralph	Alan	05/23/05	
3.2 There are defined job descriptions for all positions on the organizational chart in January 2006.	ALANM		
3.2.1 Determine immediate need/job to fill first	RalphD	03/23/05	
3.2.2 Review existing work load with SteveH and Alan	RalphD	03/23/05	
3.2.3 Review existing job description, form committee	RalphD	05/23/05	
3.2.4 Input new job descriptions added by organization chart	RalphD	05/23/05	
3.3 The stair step system is linked to reviews for PM's, assistant supervisors, supervisors and carpenters.	ALANM		
3.3.1 Define stair step definitions for each discipline	AlanM	05/23/05	
3.3.2 Revise existing review sheets with Alan's help	RalphD	05/23/05	
3.3.3 Combine stair step into new review process with Alan	RalphD	05/23/05	

## 4. Standardize systems and processes. Steve Henderson

### Key result measures:

- 4.1 The accounting process has been reviewed and recommended changes made. STEVEH
- 4.2 Project management process controls and procedures have been implemented. STEVEH
- 4.3 The archive library is up and running, fully functional, and centralized. MICHELLEM
- 4.4 Website tools providing employee back-door assistance are fully functional. MICHELLEM

**Champion:** Steve Henderson **Co-Champion(s):** John Smith, Carl Summer, Michelle Madison

Action Steps 19 Feb 05	Accountable Person	Due By Date	Status
4.1 The accounting process has been reviewed and recommended changes made.	STEVEH		
4.1.1 Accounting committee completes its 3rd meeting on systems	BradG	03/23/05	
4.1.2 Make specific recommendations for changes to the accounting process	SteveH	03/23/05	
4.1.3 Form committee to measure human input and process with regards to accounting processes	SteveH	04/23/05	
4.1.4 Schedule meeting with software rep to meet and review existing additional accounting modules	BradG	04/23/05	
4.1.5 Accounting committee presents findings to date on system challenges and the next evaluation process	BradG	05/23/05	
4.2 Project management process controls and procedures have been implemented.	STEVEH		
4.2.1 Draft daily logs on web	SteveH	Daily	
4.2.2 Have Carl review super manual to list all 'action items' on a daily, weekly, monthly, by job	CarlS	04/23/05	
4.2.3 Evaluate web expedition	LukeJ	05/23/05	
4.2.4 Meet with project managers to discuss supervisor's weaknesses, discuss/define action items for improvements	ScottA	05/23/05	
4.3 The archive library is up and running, fully functional, and centralized.	MICHELLEM		
4.3.1 Determine potential archive library contents	MichelleM	03/23/05	
4.3.2 Determine location of digital file	MichelleM	03/23/05	
4.3.3 Complete the actual archiving of files - develop implementation plan	MichelleM	05/23/05	
4.4 Website tools providing employee back-door assistance are fully functional.	MICHELLEM		
4.4.1 Website tools providing employee back-door assistance are on-line	Richard Mishee	04/01/05	
4.4.2 Get Expedite 9.1 on line	JohnS	05/01/05	

5. Maintain the momentum of the strategic plan. John Smith

**Key result measures:**

- 5.1 We complete all Key Results Measures – in spirit as well as measure. JOHNS
- 5.2 The strategic plan has been clearly communicated at all levels. JOHNS
- 5.3 Our advisory board is kept informed and involved. JOHNS

**Champion:** John Smith **Co-Champion(s):** Steve Henderson

Action Steps 19 Feb 05	Accountable Person	Due By Date	Status
5.1 We complete all Key Results Measures – in spirit as well as measure.	JOHNS		
5.1.1 Make sure project managers are included in development and implementation	SteveH	Ongoing	
5.1.2 Meet with champions monthly	JohnS	03/23/05	
5.1.3 Meeting with Myrna Associates quarterly	JohnS	05/23/05	
5.2 The strategic plan has been clearly communicated at all levels.	JOHNS		
5.2.1 Friday morning meeting with project managers	JohnS	03/23/05	
5.2.2 Plan and updates through newsletter	JohnS	05/23/05	
5.2.3 Team briefs company at summer party on overall plan, champions do a brief presentation	JohnS	07/23/05	
5.3 Our advisory board is kept informed and involved.	JOHNS		
5.3.1 Champions show plan to advisory board for feedback	JohnS	02/28/05	
5.3.2 Champions updates plan at each meeting by each champion (every 120 days)	JohnS	06/23/05	

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Plan Reviews

**Individual major two - three year goals**

What has to change in the status quo  
(Planning Meeting Input)

1. Additional structured management
2. acquire A level individuals to join the Smith team in needed staff/management positions
3. Better Cost Control Methods for projects
4. Clearly defined goals that can unite the company.
5. Creation of a growth centered organizational chart
6. Establish consistent management level at Clarian focused solely on operations and the bottom line.
7. Fragmented staff at Clarian.
8. Hire people to fit the org. chart at the right time
9. Keep away from single source D/Build M E /05 P Contractors (Provide our clients competition in all divisions)
10. Middle management organization
11. New processes /05 tools (Exp) to cut down on time and increase efficiency.
12. Open the doors to 3-4 new private clients
13. Provide a solid base of potential employees.
14. Specific /05 unified vision for attaining short term and long term corporate goals
15. Sr. Project Manager hired for a specific market(s)
16. Stronger Management at COO

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Appendices

## Definitions

- Accountable Party: A **single named individual** who can account for **where we are** with regards to a key result measure, **why we're there**, and **what we're doing** about it – i.e. what the action steps are.
- Action Plan: An organization of personal commitments that serve as a vehicle for causing a strategic goal to become a reality. It is comprised of:  
A Strategic Goal statement – a pithy one-liner that captures the spirit of the required change in status quo.  
A Champion and Co-Champions – folks who are accountable for shepherding the goal to completion.  
A list of Key Result Measures – the complete, specific set of outcomes that define completion.  
A set of 90 day Action Steps – specific actions to be finished in the next days and weeks that create results.
- Champion: A named individual, the planning team's best mix of passion and competence, for shepherding a **Strategic Goal** over the next 12-18 months. They decide **how** the goal gets done while remaining accountable for **what** gets done through delivery of the team-set **key result measures** and operating through plans that are written, understood, reviewed, and approved. An individual is the champion of one and only one goal. They and their Co-champions are the forward wedge to personally guarantee that their goal is moving toward and will be completed as rapidly and completely as possible. They plow the road garnering support and resources. They know the current state of progress on their goal at all times. They build and maintain corporate awareness and support. They represent the consensus and commitment of the entire planning team.
- Co-champion(s): One or more named individuals who would be the Champion of a strategic goal if the planning team didn't have someone with a stronger match of passion and competence. They **back up the Champion**. (Usually the member(s) of the team who are accountable for the key result measures under the goal.)
- Customer: Someone who **buys from you more than once** over the recent past – typically over the last 1-2 years. The customer can be recognized as the one with the open wallet. (There may be many end users of your service that your products must attract and service but if you don't also meet the needs of the customer you will never make a sale!)
- End User: The individual(s) who **ultimately use your product(s)**. If your product does not meet the needs of the ultimate user there will be no motivation on the part of your customer to buy them. (For example, end users of Dove soap ask Safeway, your potential customer, to carry the product.)
- Market: A **collection of prospects** we have an effective way to **communicate** with – that have **common needs** that can be met by products your product group can develop, your sales team can deliver and your customer services group **can support** – that can generate **enough revenue** to be relevant at our current size. Markets can be defined by job title, application, industry, geography, etc.
- Mission: Your chosen approach over the next 3-5 years to fulfill your mission. It is an affirmation of:  
Who we want to be  
What we want to do  
Who we want to do it for, and  
Why we do it.
- Product: The manifestation of the **value you create** for your customer. The "thing" they pay you for. Sometimes it is a physical thing like cable, screws, or disks and sometimes it is an intangible thing such as advice.
- Sale: A **one time event** when money changes hands. The 1<sup>st</sup> sale typically costs more than the profit it generates. Typically you can only make a profit once there are multiple sales from the same organization – i.e. sales don't build a business, customers build a business.
- Vision: The embodiment of your organization's internal gyroscope consisting of your **core purpose** and **core values** and a 10 - 30 year, **big hairy audacious goal**.

## Potpourri

1. A plan is a reality check. You can be sure that the future won't exactly play out the way you wrote the plan BUT how can you have confidence in your goal if you can't create a plausible, defensible scenario of how you could reach it.
2. A strategic plan is like a pilot's flight plan. The flight plan identifies the ultimate location (Seattle vs. Key West or Bangor) as well as major milestones along the way. And like a flight plan you know that at any given moment you won't be on the plan, you will be ahead, behind, East or West of the plan. But you still know where you are going and how you planned to get there.
3. Always use a facilitator for important, multi-day meetings.  
you can't afford to waste your time  
you can't afford to waste your team's time  
you can't afford the opportunity costs of not achieving the planned results
4. Ask your team to establish dates for results. Dates are a commitment, a form of communications and a reality check. Do NOT use dates as a club. You need to get tough when you find your action steps don't have specific dates but instead are primarily "Ongoing". While it is true you need ongoing actions to produce results, if you never set specific dates results have a tendency to get deferred, often for a very long time
5. CEOs are generally intuitive and smart. They know exactly what needs to be done after hearing only a bit of the problem. They are also prone to action and hence don't want to waste time waiting for the rest of the team to catch up. The rest is others see themselves executing a plan they don't understand. Bite your lip, have patience and hang in there until the rest of the team catches up with you. They will do a better job AND who knows, maybe your intuition wasn't right after all.
6. Company culture starts at the top. Look around and ask yourself what YOU are doing to create and propagate the atmosphere and value system you see around you. As the cartoon character Pogo so observed: "We've met the enemy and it's us!"
7. Compensate employees new to the work place with the opportunity to grow and gain experience. Startups can't afford to hire people who know what they are doing so they hire youth eager to invest in their careers by working long hours to overcome new learning curves. Don't feel guilty about the low wages, it is all part of the equation.
8. Don't ask someone's opinion unless you are ready to consider it.
9. Don't waste time assigning blame. It makes your team defensive and wastes time. Focus instead on understanding the current problem and where we go from here.
10. Every organization has two ongoing and recurring problems: communications and focus.
11. Everything happens because of a champion. Do not undertake a major project unless you have a champion committed to shepherding the project to completion. Remember people can be the champion of only one goal at a time, you are fooling yourself if you think otherwise.
12. If you drop a frog into a pot of boiling water it will leap out. If you put that frog in a pot of warm water and SLOWLY increase the temperature the frog will boil. This is the reason a new CEO, employee, consultant or even visitor can spot a company's problem and/or better way of doing an operation. Experienced old-timers are like the frog. They can be on the verge of bankruptcy and never notice it. Periodically step away for a long view, bring in outsiders unlikely to agree just to be nice and join CEO network groups like the CEO Club's Presidential Advisory Councils (PACs) to get a fresh frog's opinion.

## Meet Alice and her Friends

"Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where ----" said Alice.

"Then it doesn't matter which way you go," said the Cat.

"--- so long as I get *somewhere*," Alice added as an explanation.

"Oh, you're sure to do that," said the Cat, "if only you walk long enough."

---

Alice's Adventures in Wonderland  
by Lewis Carroll

## The lesson of the six blind men

It was six men of Indostan To learning much inclined	The Fourth reached out his eager hand And felt about the knee.
Who went to see the Elephant (Though all of them were blind),	"What most this wondrous beast is like Is mighty plain," quoth he:
That each by observation Might satisfy his mind.	"'tis clear enough the Elephant Is very like a tree."
The First approached the Elephant And happening to fall	The Fifth, who chanced to touch the ear, Said, "E'en the blindest man Can tell what this resembles most; Deny the fact who can,
Against his broad sturdy side At once began to bawl:	This marvel of an Elephant Is very like a fan."
"Bless me! But the Elephant It very like a wall."	The Sixth no sooner had begun About the beast to grope
The Second, feeling of the tusk, Cried, Ho! What have we here, So very round and smooth and sharp? To me 'tis mighty clear	Then, seizing on the swinging tail That fell within his scope.
This wonder of an Elephant Is very like a spear."	"I see," quoth he, "Elephant Is very like a rope."
The Third approached the animal, And happening to take	And so these men of Indostan Disputed loud and long,
The squirming trunk in his hands Thus boldly up and spake:	Each in his own opinion Exceeding stiff and strong,
"I see," quoth he, "the Elephant Is very like a snake."	Though each was partly in the right, And all were in the wrong

---

The six blind men and the elephant  
by James Godfrey Saxe

## Meeting rules

1. **Listen.**
2. Stay **focused**.
3. **Speak up** and say what needs to be said.  
There are no sacred cows.
4. **No cheap shots.**
5. **Respect** differences of **opinion**.
6. Focus on **solving problems**  
rather than placing blame or being defensive.
7. Only **new information** in the  
discussion. Don't flog a dead horse.
8. Only **one discussion** at a time.
9. **Silence** implies **understanding**  
and **agreement**.

## Participant's Role

1. Look at the business through the  
**eyes of the CEO.**
2. **Represent the company**  
not themselves,  
not their people  
not their department  
not their function.

## CEO's Role

1. Act as a **participant**, not the  
omniscient individual they are.
2. **Suspend** their **usual** problem solving  
and "time saving" operating **mode**.

## Total Quality Planning™

The breakthrough step-by-step program that enables you to create a strategic long range plan in two days with immediate bottom-line impact.

Your executives reach consensus on where your company is today and should be in the future with a commitment to specific actions to create and control that future.

Total Quality Planning™ leads directly to:

### True Teamwork

- Consensus, commitment, trust

### Dramatically Higher Results

- Accountability measures and action steps
- Commitment of team members  
of company resources
- Stable investment platform

### Reduced Stress

- Shared vision
- Mutual trust
- Tools for effective delegation



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## How to implement action plans:

Key Result Measures are the what – Action Steps are the how. The action steps are your tactical plan. You should expect to adjust them as you gain tactical experience through execution. You need to remain focused on creating the results but be careful that you don't fall in love with your current tactical plan. How you produce those results should evolve based on insights gained, available resources, approaches that didn't work, etc.

Start by taking each key result measure in turn. Each measure should identify a condition that will exist when the goal has been accomplished. The measures are the set of desired outcomes required to change the status quo.

Each key result measure has an accountable person who owns it. Initially the champion takes ownership but as the plan develops anyone in the organization can end up being accountable for a measure. If you have a formal annual review process it would be ideal that each measure ends up on someone's individual standard of performance. The accountable person can account for where we are, why we're there and what we're doing about it.

Key Result Measure:	Accountable Person	Due By
1. Action Step	Accountable Person	Due By

The accountable person of each key result measure determines exactly what actions which are going to be taken in the here and now to advance toward the completion of the measure. Actions need to happen today, this week, this month, or this quarter. They formulate their tactical plan in the form of zero to four, high level, 90 day action steps. W3 – What are we going to do? Who is going to do it? When will it be finished?

**What are we going to do?** Each action step should encapsulate a "burst" of activity – some focused hours over a concentrated number of days. (Remember that we are squeezing these "developmental" activities into days that are dominated by operational demands.) Action step activities have to be in digestible chunks. The wording of action steps should assume a professional execution. Action plans are not intended to be highly detailed, multi-step plans that require Microsoft Project to manage. We are all professionals and can trust that the owner will start early enough to meet deadlines, solicit input, produce sufficient drafts for review, incorporate feedback, etc. What we need is a commitment to complete actions with impact major enough to advance toward the goal's objective, i.e. key result.

**Who is going to do it?** One and only one person should be accountable for each action step, even for a team's effort. If everyone is responsible then no one is responsible.

**When will it be finished?** Each action step should have a clearly defined finish – it is done or not done, and no later than the due by date. The due by date should not be a projection of when you expect the action step to be completed, rather it is a drop dead date that represents a commitment of by when the action step will be finished. Due by dates can be a specific date, if that date is meaningful such as year-end 07/31/02 a time frame such as ASAP – i.e. under a week – or within 30, 60, or 90 days, or recurring timeframe such as Ongoing, Weekly, Monthly, Quarterly.

Once there is an established set of action steps for all the goals and their measures you need to work the plan. Once a month in your regular staff meeting set aside some time to review the goals and their measures. Focus on the 20% of the plan that requires more attention to get on track. As a group hold each member responsible for fulfilling their commitments.

As part of the monthly review each owner should identify what exactly are they going to accomplish today, this week, this month, this quarter to advance completion of their key result measure. They should add/replace their action steps appropriately. If the team is drifting, consider meeting more frequently for a while.

Every 3-4 months get the entire team together, off site with a skilled facilitator is ideal, to revalidate the entire plan, consider major adjustments in the tactical plan, and refocus and re-energize the team.

Please write or print clearly, especially when using acronyms. Use people's first names with first initial of their last names. Ex. JohnM

# Action plan for Goal:

Champion:	Co-Champion(s):	Accountable Person	Due By MM/DD/YY
Action Steps			
<i>Bursts of action that advance us toward accomplishing a particular key result measure – W3 – What are we going to do? Who is going to do it? When will it be finished?</i>			
Key Result Measure:			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
Key Result Measure:			
1.			
2.			
3.			
4.			
5.			
6.			
7.			
Key Result Measure:			
1.			
2.			
3.			
4.			
5.			
6.			

For each of the goal's Key Results Measures create a small number of macro-level action steps to be accomplished over the next 90 days. (The optimal number of action steps is between zero and four.) Set a specific Due By date that the action step needs to be completed by. Identify a single point of accountability for completion of the action step - the Accountable Person.

# Total Quality Planning™

Step 1	Where are you?	Where do you want to be?	How do you get there?		Implementation
	Step 2	Step 3	Step 4	Step 5	Step 1
Plan to Plan*	Perform <i>WOTS</i> * up Evaluation Company Weaknesses Environment Opportunities Environment Threats Company Strengths	Set Master Strategies <i>Vision</i> <i>Mission</i> <i>Strategy</i> Objectives Strategic Policies Program Strategies	Set Program Goals* Short Term Medium Term	Create <i>Action Plans</i> * Goal Measures Action Steps Action Accountable Person Due By	Plan to Plan*
	Review <i>Expectations</i> * of Major Outside Interests Customers Investors Lenders Vendors Society / Local Community	Set Organizational Strategies Structure Culture Incentives Management Style			
	Review <i>Expectations</i> * of Major Inside Interests Employees Executive Team Founders / CEO				
	Review Company Data Base Past Performance Current Situation Forecasts and Momentum		<div style="border: 1px solid black; padding: 5px;">                         *The planning team focuses on these areas the first year.                     </div>		Adjust Action Plans as Required

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## Key Result Measures

1. Diversify client base for maximum repeat business. Steve MacDougal
  - 1.1 We have won work in at least two additional health care systems. STEVEH
  - 1.2 We have won work with at least two new developers. STEVEH
  - 1.3 We have won work with at least one private institution. STEVEH
  - 1.4 We have entered into at least one new market arena. STEVEH
  - 1.5 We have leveraged relationships with our employees for maximum return. STEVEH
- 1.6 Superintendents and Project Managers have taken ownership of our marketing plan. STEVEH
2. Invest in career development program. Michelle Madison
  - 2.1 Existing career development program industry resources have been identified. MICHELLEH
- 2.2 We have a tailored leadership development training program for personal growth and evaluation purposes. MICHELLEH
- 2.3 We have developed leadership categories based on technical skill sets availability. MICHELLEH
- 2.4 We have web based training programs. MICHELLEH
3. Create infrastructure to support growth. Ralph Dingus
  - 3.1 Annual organizational charts have been developed that project 4 years out assuming an 8-10% growth rate. ALANM
  - 3.2 There are defined job descriptions for all positions on the organizational chart in January 2006. ALANM
  - 3.3 The stair step system is linked to reviews for PM's, assistant supervisors, supervisors and carpenters. ALANM
4. Standardize systems and processes. Steve Henderson
  - 4.1 The accounting process has been reviewed and recommended changes made. STEVEH
  - 4.2 Project management process controls and procedures have been implemented. STEVEH
  - 4.3 The archive library is up and running, fully functional, and centralized. MICHELLEH
  - 4.4 Website tools providing employee back-door assistance are fully functional. MICHELLEH
5. Maintain the momentum of the strategic plan. John Smith
  - 5.1 We complete all Key Results Measures – in spirit as well as measure. JOHNHS
  - 5.2 The strategic plan has been clearly communicated at all levels. JOHNHS

## Smith Construction Company Strategic Plan

### Goals

1. Diversify client base for maximum repeat business. Steve MacDougal
2. Invest in career development program. Michelle Madison
3. Create infrastructure to support growth. Ralph Dingus
4. Standardize systems and processes. Steve Henderson
5. Maintain the momentum of the strategic plan. John Smith

## Calendar of Action Steps

Action Steps	Accountable Person	Due By Date
5.1.1 Make sure project managers are included in development and implementation	SteveH	Ongoing
4.2.1 Draft daily logs on web	SteveH	Daily
4.1.4 Schedule meeting with software rep to meet and review existing additional accounting modules	BraDG	04/23/06
5.3.1 Champions show plan to advisory board for feedback	JohnS	02/28/06
3.1.1 Create job mix analysis – review the last 2 years	Alan	03/23/06
5.1.2 Meet with champions monthly	JohnS	03/23/06
5.2.1 Friday morning meeting with project managers	JohnS	03/23/06
4.1.1 Accounting committee completes its 3 <sup>rd</sup> meeting on systems	BraDG	03/23/06
2.1.1 Contact member association (AGC/ABC) with regards to career development programs	Michelle	03/23/06
2.1.2 Contact other contractors to gather career development program information	Michelle	03/23/06
2.2.1 Evaluate/determine "upper" list	MichelleM	03/23/06
4.3.1 Determine potential archive library contents	MichelleM	03/23/06
4.3.2 Determine location of digital files	MichelleM	03/23/06
3.2.1 Determine immediate need/job to fill first	RalphD	03/23/06
3.2.2 Review existing work load with SteveH and Alan	RalphD	03/23/06
4.1.2 Make specific recommendations for changes to the accounting process	SteveH	03/23/06
1.6.1 Develop outline of an "Internal business development plan"	SteveM	03/23/06
1.1.1 Develop health care systems target list with JohnS, and RalphD	SteveH	03/23/06
4.4.1 Website tools providing employee back-door assistance are on-line	Richard Mishee	04/01/06
3.1.2 Combine job mix with projected organization chart	Alan	04/23/06
4.2.2 Have Carl review super manual to list all "action items" on a daily, weekly, monthly, by job	CarlS	04/23/06
2.1.3 Contact training companies - outsourced resources - with regards to career development programs	DawnS	04/23/06
1.5.1 Solicit list from company of current contacts to enable us to leverage relationships with our employees for maximum return	MichelleM	04/23/06
2.4.1 Determine web-based training program technical capabilities of industry - what's out there	MichelleM	04/23/06
4.1.3 Form committee to measure human input and process with regards to accounting processes	SteveH	04/23/06
1.2.1 Schedule first meetings face to face with each of the developers on the target list	SteveM	04/23/06
1.3.1 Develop target list of potential private institutions	SteveM	04/23/06
1.3.2 Distribute our marketing mailer to potential private institutions showing photos of private institution project	SteveM	04/23/06
1.4.1 Develop a list of potential new market areas	SteveM	04/23/06
1.6.2 Present approved outline of "Internal business development plan" to Project Managers	SteveM	04/23/06
4.4.2 Get Expedite 9.1 on line	JohnS	05/01/06
3.1.3 Create actual organization chart with Ralph	Alan	05/23/06
3.3.1 Define stair step definitions for each discipline	AlanM	05/23/06

5.1.3 Meeting with Myrna Associates quarterly	JohnS	05/23/06
5.2.2 Plan and updates through newsletter	JohnS	05/23/06
4.1.5 Accounting committee presents findings to date on system challenges and the next evaluation process	BraDG	05/23/06
4.2.3 Evaluate web expedition	LukeJ	05/23/06
2.1.4 Evaluate/determine need to develop new career development program with CarlS/COO	MichelleM	05/23/06
2.2.2 Evaluate leadership development training needs using organizational chart with RalphD and Alan Masters	MichelleM	05/23/06
2.3.2 Create implementation qualification standards for leadership development training	MichelleM	05/23/06
2.2.4 Develop leadership categories based on evaluation of program availability	MichelleM	05/23/06
2.2.5 Develop leadership categories based on technical skills	MichelleM	05/23/06
2.3.1 Evaluate existing employee skill sets with J. Spitz and MarrS	MichelleM	05/23/06
2.3.2 Work with AM and RD to evaluate skill set needed (job mix)	MichelleM	05/23/06
2.3.3 Create qualification standards for leadership training	MichelleM	05/23/06
2.4.2 Develop "back door" means of web-based implementation for training	MichelleM	05/23/06
4.3.3 Complete the actual archiving of files – develop implementation plan	MichelleM	05/23/06
3.2.3 Review existing job description, form committee	RalphD	05/23/06
3.2.4 Input new job descriptions added by organization chart	RalphD	05/23/06
3.3.2 Review existing review sheets with Alan's help	RalphD	05/23/06
3.3.3 Combine stair step into new review process with Alan	RalphD	05/23/06
4.2.4 Meet with project managers to discuss supervisor's weaknesses, discuss/define action items for improvements	ScottA	05/23/06
1.1.2 Complete first round of initial contacts with health care systems targets (10-20)	SteveM	05/23/06
1.1.3 Present ICAHO program to our health care systems targeted prospects	SteveM	05/23/06
1.2.2 Present at least one new developer project	SteveM	05/23/06
1.2.3 Complete training on construction issues they need help with	SteveM	05/23/06
1.3.3 Become bidder on one invited short list of private institution project	SteveM	05/23/06
1.6.3 Present approved outline of "Internal business development plan" to Superintendents	SteveM	05/23/06
5.3.2 Champions updates plan at each meeting by each champion (every 120 days)	JohnS	06/23/06
5.2.3 Team briefs company at summer party on overall plan, champions do a brief presentation	JohnS	07/23/06
2.4.3 Communicate new web-based training program system to employees	MichelleM	07/23/06