



BOARDROOM STRATEGY

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Star power: How to tackle first things first on your company's strategic objectives list

When you start working on the action plans for your strategic objectives for the year, one of the most important steps is to understand the order of priority of your objectives.

You might think you know what needs to happen first, but your team might not agree with you. The key is to spend time together as a team to rank the order of your objectives using a technique called the Hoshin Star (a variation of matched-pair analysis).

Originally developed for total quality management, the Hoshin Star helps leaders understand the cause-and-effect connection between objectives to determine the underlying order of importance.

Using this tool to prioritize strategic objectives can serve two purposes:

- it lets you know where, as a group, you should be focusing your time; and
- it reinforces and creates buy-in within the group about what the year will look like, and what's most important to you as a company.

Let's walk through an example of five strategic objectives:

- Increase sales
- Develop leaders
- Refine customer experience
- Reduce work-in-progress delays
- Increase positive cash flow from operations

Grab a piece of paper or, ideally, use a flipchart if you're with your team. Draw five circles on the page, in a spherical pattern so that a line can potentially be drawn from each circle to the others. Write one objectives in each of the five circles.

Now, starting with the first circle, compare the increase sales objective with the develop leaders objective using the following questions: Which has to happen first or which drives the other?

If increase sales wins then draw a line from increase sales to develop leaders with the head of the arrow pointing toward increase sales as the "winner."

Moving clockwise, compare increase sales with refine customer experience, then

with reduce work in progress delays and so on until you've compared it with each of the other four objectives.

Asking, which has to happen first or which drives the other in each case, which one wins? Draw your arrow from one to the other with the head of the arrow pointing toward the "winning" priority.

In the case of increase sales, for example, it was a higher priority than each objective, with the exception of refine customer experience, which this hypothetical team decided needs to happen before we can increase sales.

Now that you've completed this comparison for your first objective, move on to the next objective/circle: develop leaders.

Because you've already compared develop leaders with increase sales you don't need to do this again. Compare develop leaders to the next objective over clockwise: refine customer experience.

Continue to work your way through the objectives until each has been compared with the other four. When you're finished, the lines and

arrows drawn between the five objectives will roughly form the shape of a star, and that's where this technique gets its name.

From here, count the arrows pointing to each of the objectives.

The objective with the most arrows pointing toward it is your number 1 objective and so on for the rest of the objectives.

In our example, refine customer experience would come out as our number 1 priority objective, because it

has the most arrows pointing to it—four.

If you have a tie between two objectives that have the same number of arrows pointing to them (this happens more frequently when you have more than five objectives), then you can break the tie by looking at which direction the arrow points when the two objectives are compared directly.

Prioritizing objectives takes your strategic planning one step further than solely determining what your

objectives are.

With a clear idea of your strategic objectives' ranked order of priority, you can focus on building out your action plans and setting aside resources for your most important objectives first, then working your way down the list from there. ■

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