

*In continuation of his four part series, Enda Larkin explores how to makes sense of the strategic planning process, particularly in the context of small and medium sized operations. Part 2 examined how to develop Vision and Mission statements for the business. Part 3 will explore how to translate these statements into goals, strategies and plans, so that they actually add real value to the business.*

*View Part 1 here (link to first article)*

*View Part 2 here (link to second article)*

## **Making Sense of Strategic Planning – Part 3**

### **Living your Vision and Mission**

In Part 2, the focus was on capturing broad aspirations for the business through the development of the Vision and Mission. But how can these statements be lived in practice so that they add value? An obvious first step is to ensure that all primary stakeholders actually know about them by communicating your vision and mission widely and frequently. However, to actually become a true driving force these statements must first be translated into measurable goals.



To demonstrate how this process works, the examples of Vision and Mission identified for our fictitious hotel in London in Part 2 will again be used:

### ***Vision***

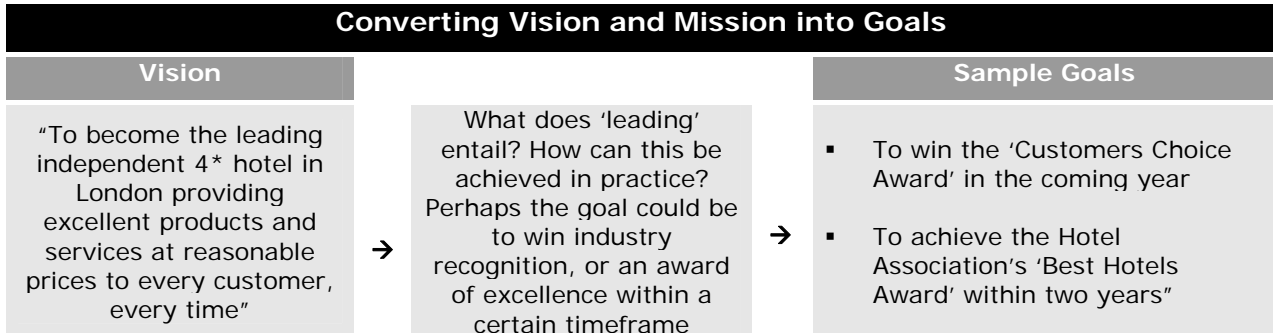
To become the leading independent 4\* hotel in London providing excellent products and services at reasonable prices to every customer, every time

### ***Mission***

Our customers are our priority and we will provide them with a quality experience which is second to none. We recognise the importance of our employees in achieving this and we will create a positive working environment which encourages their loyalty, commitment and hard work. We strive to be excellent leaders and will undertake all our business activities in an honest and ethical

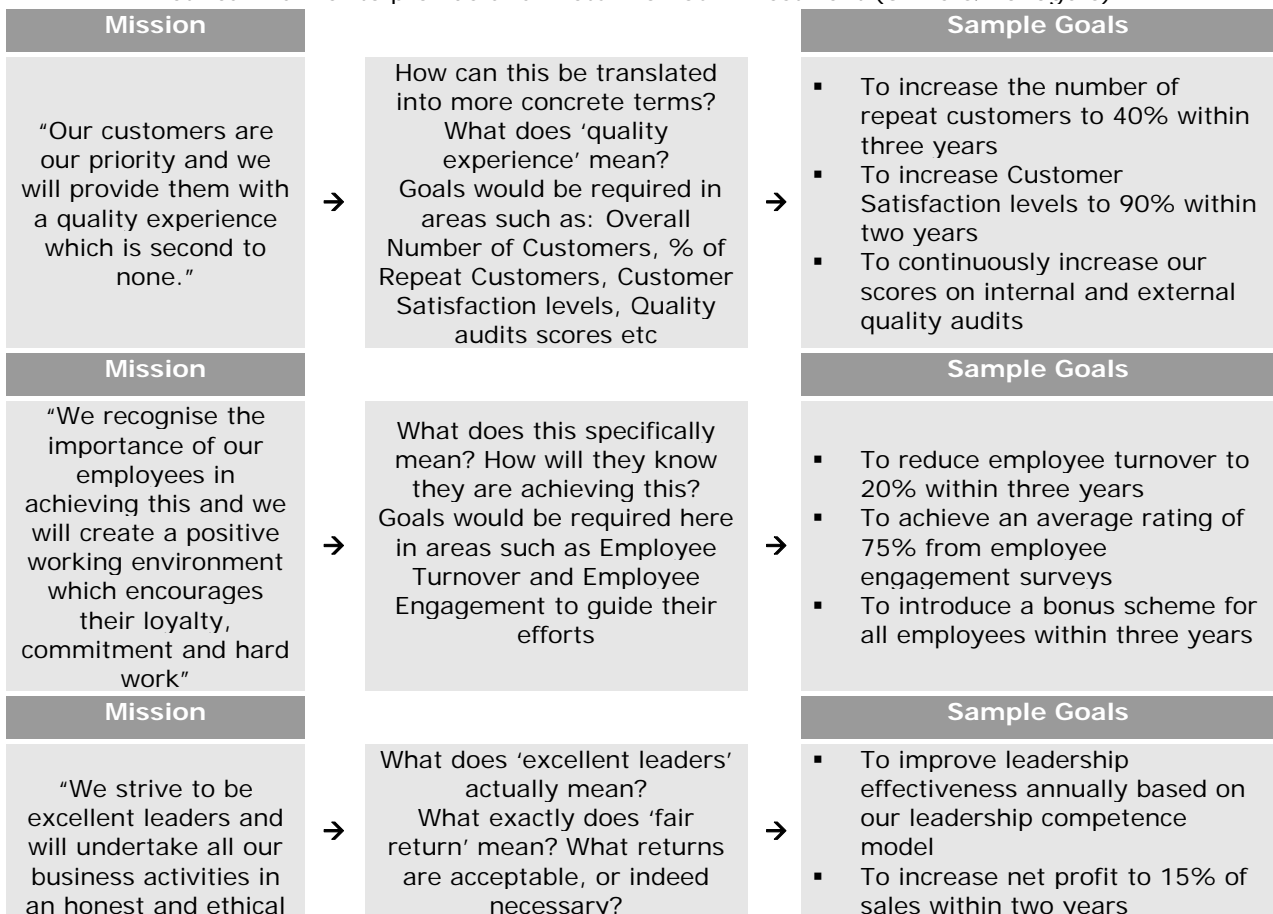
manner to provide a fair return on our investment

In reality, these statements are only words. Nice words, but still, only words. To be of any benefit, the management team would need to break these broad aspirations down into more tangible goals, such as:



To translate the Mission into Goals, it is necessary to break it down into its constituent parts. The mission related to three different primary stakeholders:

1. Our customers are our priority and we will provide them with a quality experience which is second to none (*Customers*)
2. We recognise the importance of our employees in achieving this and we will create a positive working environment which encourages their loyalty, commitment and hard work (*Employees*)
3. We strive to be excellent leaders and will undertake all our business activities in an honest and ethical manner to provide a fair return on our investment (*Owners/Managers*)



manner to provide a fair return on our investment”

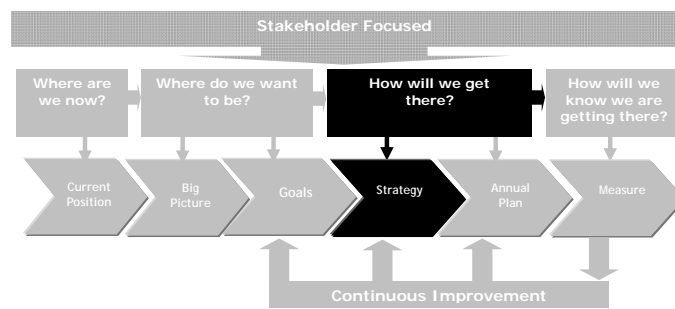
Defined financial targets would have to be developed such as *Revenue*, *Cost* and *Profitability* targets

- To increase RevPar by 5% annually
- To increase restaurant throughput to 1500 covers per week within two years
- To reduce food cost to the industry average of 35% in the coming year without reducing quality
- To reduce labour costs to 40% within two years

These goals now provide focus and direction for the business; they are something to aim for and, if achieved, they will ensure that the ‘mission’ is lived and that the hotel is moving towards its vision.

### How will we get there?

Having goals is great but still meaningless unless something is done to make them a reality. This is where strategy and plans come in.



In defining their strategies, the management team at our fictitious hotel would need to ask themselves certain questions based on their defined goals:

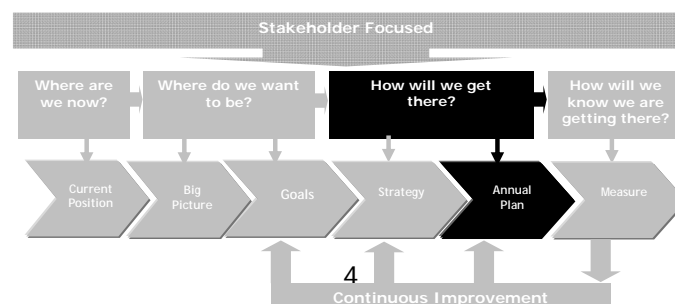
Linking Goals to Strategy				
Vision	→	Goals	→	Strategy
“To become the leading independent 4* hotel in London providing excellent products and services at reasonable prices to every customer, every time”	→	<ul style="list-style-type: none"> <li>▪ To win the ,Customers Choice, Award in the coming year</li> <li>▪ To achieve the Hotel Association’s ‘Best Hotels Award’ within two years</li> </ul>	→	What is needed to make this happen?
Mission	→	Goals	→	Strategy
“Our customers are our priority and we will provide them with a quality experience which is second to	→	<ul style="list-style-type: none"> <li>▪ To increase the number of repeat customers to 40% within three years</li> <li>▪ To increase Customer Satisfaction levels to 90% within two years</li> </ul>	→	What needs to be done to achieve this? How will they define their customers’ expectations? How will they improve the

none"	<ul style="list-style-type: none"> <li>To continuously increase our scores on internal and external quality audits</li> </ul>	quality of service they offer? How will they measure customer satisfaction in future?
<b>Mission</b>	<b>Goals</b>	<b>Strategy</b>
<p>"We recognise the importance of our employees in achieving this and we will create a positive working environment which encourages their loyalty, commitment and hard work"</p>	<ul style="list-style-type: none"> <li>To reduce employee turnover to 20% within three years</li> <li>To achieve an average rating of 75% from employee engagement surveys</li> <li>To introduce a bonus scheme for all employees within three years</li> </ul>	<p>What has to happen to achieve these goals? What will their <i>Human Resource Strategy</i> be? How will they define their employee's expectations? How will they create a better working environment? How will they measure employee engagement in future?</p>
<b>Mission</b>	<b>Goals</b>	<b>Strategy</b>
<p>"We strive to be excellent leaders and will undertake all our business activities in an honest and ethical manner to provide a fair return on our investment"</p>	<ul style="list-style-type: none"> <li>To improve leadership effectiveness annually based on our leadership competence model</li> <li>To increase net profit to 15% of sales within two years</li> <li>To increase RevPar by 5% annually</li> <li>To increase restaurant throughput to 1500 covers per week within two years</li> <li>To reduce food cost to the industry average of 35% in the coming year without reducing quality</li> <li>To reduce labour costs to 40% within two years</li> </ul>	<p>What are their expectations of leaders are and how can this be defined and measured. <i>Financial and marketing strategies</i> are also required to achieve the specific performance goals. Will they increase sales with their existing products or will they develop new ones? Will they try to increase market share in existing markets or develop new ones? Will they go for a lower cost strategy or seek to become a premium, quality operation? How will they reduce food and labour costs, without impacting on quality?</p>

By answering these questions, the managers at the hotel would arrive at general strategies; which are essentially choices you make, or options you take by answering similar questions to the samples provided above. Of course, there are generic strategies that may be followed such as *cost leadership* or *differentiation*, but don't get hung up on what your strategy is called but rather focus on what it does for the business. Does it make sense in relation to your SWOT and will it help you to realise your goals?

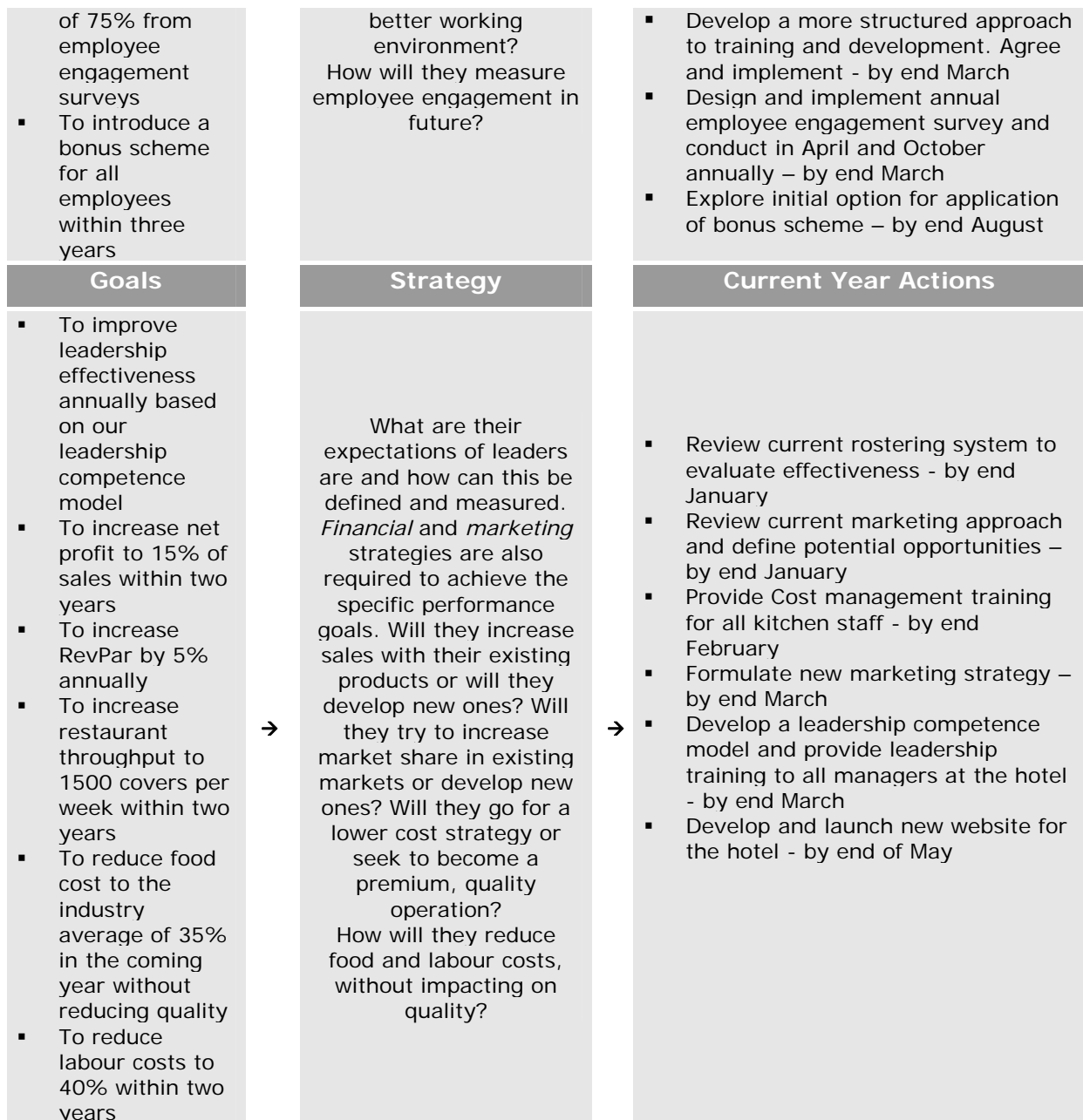
### From Strategies to Annual Plans

Whatever goals and related strategies are devised, it is clear that it will take more than one year to realise them, so an annual plan is needed to help implement the strategy(ies).



Whereas operational planning is concerned with *doing things right* so that the hotel runs smoothly, annual planning is focused on *doing the right things* so that you are actually implementing your strategies, progressing towards your goals living your vision and mission and as a result heading for success. The annual plan defines the range of finance, marketing, human resources and operational actions necessary to implement your strategies in any given year. Sample activities in the annual plan for our example hotel related to implementing their strategies and achieving their goals are shown below:

From Strategy to the Annual Plan		
Goals	Strategy	Current Year Actions
<ul style="list-style-type: none"> <li>To win the 'Customers Choice Award' in the coming year</li> <li>To achieve the Hotel Association's 'Best Hotels Award' within two years</li> </ul>	<p>→</p> <p>What is needed to make this happen?</p> <p>→</p>	<ul style="list-style-type: none"> <li>Conduct self-assessment for <i>Customers Choice Award</i> - by end of January</li> <li>Prepare action plan based on findings of self-assessment - by end February</li> <li>Complete all outstanding improvements - by end May</li> <li>Apply for the Award – by end June</li> <li>Award assessment to take place - by end of July</li> <li>Meet with hotel association to define requirements <i>Best Hotels Award</i> - by end August</li> </ul>
Goals	Strategy	Current Year Actions
<ul style="list-style-type: none"> <li>To increase the number of repeat customers to 40% within three years</li> <li>To increase Customer Satisfaction levels to 90% within two years</li> <li>To continuously increase our scores on internal and external quality audits</li> </ul>	<p>→</p> <p>What needs to be done to achieve this? How will they define their customers' expectations? How will they improve the quality of service they offer? How will they measure customer satisfaction in future?</p> <p>→</p>	<ul style="list-style-type: none"> <li>Hold Focus group meetings with regular customers to identify areas where service improvements need to be made - by end Jan</li> <li>Review current system for gathering customer feedback - by end February</li> <li>Prepare a plan for improving service quality at the hotel – by end March</li> <li>Provide Customer Care training for all full and part-time employees - by end April</li> <li>Review internal and external approaches to quality auditing - by end May</li> <li>Identify options for upgrading hotel interior - by end June</li> <li>Prepare plan and budget for upgrading hotel to begin next year – by end September</li> </ul>
Goals	Strategy	Current Year Actions
<ul style="list-style-type: none"> <li>To reduce employee turnover to 20% within three years</li> <li>To achieve an average rating</li> </ul>	<p>→</p> <p>What has to happen to achieve these goals? What will their <i>Human Resource</i> Strategy be? How will they define their employee's expectations? How will they create a</p> <p>→</p>	<ul style="list-style-type: none"> <li>Introduce staff forum to meet monthly to discuss work related issues - by end January</li> <li>Review current approach to recruitment and selection and propose improvements – by end February</li> </ul>



This example shows how the planned actions for the coming year relate directly back to the goals. By linking from your vision and mission to goals to strategies to annual plans, you become results-driven and as those outcomes are based on your stakeholder needs, you plant the seeds for business success.

The final phase in creating your strategic map is to consider how you will measure progress and this will be our focus in Part 4 of the series.

## ***About the Author***

Enda Larkin has over 25 years experience in the hotel industry having held a number of senior management positions in Ireland, UK and the US.

In 1994 he founded HTC Consulting, a Geneva based firm, which specialises in working with enterprises in hospitality and tourism. Since that time, he has led numerous consulting projects for public and private sector clients throughout Europe and the Middle East.

He is author of *Ready to Lead?* (Pearson/Prentice Hall) and *How to Run a Great Hotel* (How to Books) which expands on the themes highlighted in this article. He may be contacted via [www.htc-consult.com](http://www.htc-consult.com) or at [info@htc-consult.com](mailto:info@htc-consult.com)

