



Linking Mission and Vision to Tactics

Most organizations have well defined statements of their value, mission, and vision. These serve to set the tone of the organization, where it is going, and how it is going to get there. But if an organization stops there, it's difficult to tie these strategic statements to the day-to-day operations of the company. Defining operating principles is the next step to bridge the gap between strategic direction and daily decision making.

Mission and vision statements help clearly establish the purpose of the organization. They are used to communicate the strategy of the company to its stakeholders. The mission statement describes the products and services offered by the organization to its customers. The vision statement describes what is unique about the organization's ability to execute on its mission statement.

If mission and vision statements set the what and how, value statements establish the way. Usually there are multiple value statements addressing employees, customers, partners, the organization's products and services, etc. Value is defined as: the worth or usefulness to the possessor. For example, the value of a skilled employee, the value of community involvement, or the value of a reputation. Value statements highlight values the organization desires to maximize while executing to its mission and vision.

The Random Walk

Mission, vision, or value statements are not long dissertations covering the operational details for their implementation. Rather they are short statements of management commitment that provide banners to rally around for motivating employees, partners, and customers. They are strategic not tactical and communicate leadership not operational behavior.

Since vision, mission, and value statements do not provide operational guidelines, a gap can exist between the strategy of an organization and its daily decision making. For this reason some organizations struggle with execution even though they have a clearly defined strategy. Stopping short of translating that strategy into words-to-work-by leaves too much variability in the way one decision is made to the next... leading to organizations that appear to be following a random walk pattern rather than a path.

Strategic-Tactical Decision Making

Operating principles can provide guidelines linking strategic and tactical behavior. A principle is defined as a rule or standard – especially of good behavior. If value statements establish the way work is performed, operating principles govern the way work is

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performed. When operating principles are commonly shared they:

- Anchor effective and efficient decision making
- Allow decisions to be made at the lowest level
- Align daily decision making with strategic direction

Establishing operating principles is an ongoing task. Unlike mission, vision, and value statements, operating principles change more frequently. Unlike strategy, guidelines for tactical behavior must constantly adapt to changes occurring in an operating environment.

Operating under Principles

Operating principles are not an automatic replacement for decision making. They are guidelines to help govern decision making. Exceptions to principles are allowed to occur. The 80/20 rules applies. The goal is to develop a principle that guides the appropriate decision making 80% of the time, reducing the number of open ended decisions made from 100% to just 20% – allowing the organization to focus its energy on the tough decisions.

Each principle is typically associated with one of the organization's value statements. Consider an organization with the value statement: "We value the opinions of our customers and strive to maintain their satisfaction." The following operating principles could be established supporting this value:

- There is a preference to retain an existing customer over a new customer
- We have an evergreen philosophy of not leaving our existing customers behind and provide ongoing product and service migration
- Once assigned, staff are to remain on a customer project, unless a 30 day advance notice is provided to the customer

Note that each these principles could easily be stated 180 degrees to the opposite. For example: "There is a preference to retain a new customer over an existing one." Even with the meanings swapped these principles would still be effective for guiding decisions to achieve customer satisfaction. But setting them removes a lot of randomness from decision making.

Organizations without operating principles can appear to be on a random walk. One day decisions fall in favor of existing customers, the next new customers. Then another day no decision is possible because consensus cannot be reached on which customer type to favor. Operating principles allow 80% of the tough decisions to be made in advance, away from the heat of the moment, and help organizations avoid the random walk.

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