



**“Keeping You Informed”**  
**A quarterly ezine for our valued clients and colleagues. January, 2006**

**Nine Building Blocks for Setting Organizational Direction**

**The Empty Words Syndrome**

When you hear the words “vision,” “mission” or “values,” what comes to mind? A laundry list of bullet points that all begin with “to be” followed by generic phrases such as “world class” or “preferred provider”? A clever phrase or slogan? Vague, idealistic statements? Often, these are created in a hurried exercise at a senior leadership retreat, or dreamed up by a staff person with some creative writing ability. They are framed and mounted in places of prominence. Then they are largely forgotten, barely mentioned or rarely referred to. They do not engage, energize, inspire, motivate, challenge or guide anyone. They are empty words.

The problem is compounded for many organizations as they struggle with basic terms and definitions during the annual planning process. Instead of clarifying organizational purpose and setting clear direction, senior leaders can end up producing a patchwork quilt of boilerplate and buzzwords that add to the confusion and apathy. Does this syndrome sound familiar?

**How Effective Leaders Are Different**

In contrast, executives of high performing organizations are purposeful and systematic in how they approach setting direction. The Malcolm Baldrige National Quality Award Criteria for Performance Excellence define the essential building blocks for this process. Effective leaders engage key stakeholders in developing and actively using these building blocks to set organizational direction, communicate expectations, and review performance. Based on the 2006 Baldrige Criteria, I have summarized the nine key building blocks that senior leaders must understand and agree on. I also added some questions to challenge your thinking about how they apply to your organization.

**Purpose** – the fundamental reason an organization exists. The primary role of purpose is to inspire an organization and guide its setting of values. Organizational purpose is generally broad and enduring. It answers the question: why do we exist?

**Stakeholders** – all groups that are or might be affected by an organization’s actions and success. Examples of key stakeholders include customers, employees, partners, governing boards, stockholders, suppliers, and local and professional communities. Who are our key organizational relationships and what are their requirements?

**Vision** – the desired future state of an organization; where the organization is headed, what it intends to be, or how it wishes to be perceived in the future. Where are we going?

**Mission** – the overall function of an organization. Mission answers the question: what is this organization attempting to accomplish? The mission may define customers or markets served, distinctive competencies, or technologies used. What do we do?

**Values** – the guiding principles and behaviors that embody how the organization and its people are expected to operate. Values reflect and reinforce the desired culture of the organization. They

support and guide the decision making of all employees, and help the organization accomplish its mission and attain its vision. What are the guiding principles that embody how we should operate?

**Strategic Challenges** – those pressures that exert a decisive influence on an organization's likelihood of future success. They are frequently driven by an organization's future competitive position. External challenges may relate to customer or market needs; changes in technology; or societal, financial or legal risks. Internal challenges may relate to an organization's capabilities, or its human or other resources. What current and emerging realities are we facing?

**Strategic Objectives** – an organization's articulated aims or responses to address major change or improvement, competitiveness issues, or business advantages. They are focused both externally and internally, and relate to significant customer, market, product, service, or technological opportunities and challenges. They are what an organization must achieve to remain or become competitive and ensure the organization's long-term sustainability. They set longer-term directions and guide resource allocations. How are we going to address our strategic challenges and ensure our long-term competitiveness?

**Goals** – a future condition or performance that an organization intends to attain. Goals are ends that guide actions. They can be short or long term. Quantitative goals, or targets, include a numerical point or range. Targets may be projections based on comparative or competitive data. Stretch goals are desired major, discontinuous (non-incremental) or breakthrough improvements, usually in areas most critical to your organization's success. Specifically, what are we trying to accomplish?

**Action Plans** – specific actions that respond to short- and longer-term strategic objectives. They include details of resource commitments and time horizons for accomplishment. Action plans are critical because they make strategic objectives and goals specific so that effective, organization-wide deployment is possible. Who is going to do what, by when, and what resources are needed?

### Keys to Your Effectiveness

I have identified **five keys** that you can use to improve your effectiveness in setting organizational direction. **First**, approach this work as an important priority that demands your full attention and best thinking. Organizations look to their senior leaders for direction, inspiration, and meaning. **Second**, use a consistent set of terminology and definitions, and stick to it. This helps build a common understanding, and focuses the organization on desired results. **Third**, engage all key stakeholders in developing your building blocks. This creates the ownership and commitment needed for success. **Fourth**, regularly review and update each building block during your annual planning process to ensure their content remains relevant and important to your organizational needs and requirements. **Fifth**, actively use these building blocks as visible, meaningful tools in setting organizational direction, communicating expectations, and regularly reviewing performance at all levels of the organization.

When senior leaders and key stakeholders are in agreement regarding each of these essential elements, the entire organization has reason to be engaged and energized by the purpose and direction of the organization, confident in their leadership, and committed to achieving results.

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Our mission is facilitating organizational transformation and performance improvement. If you would like to explore practical ways to improve your approach to setting organizational direction, please contact us. © 2006 by Jeffrey H. Bracken, Bracken and Associates. All rights reserved.