

# Got Strategy?

## Perfecting the Mid-course Correction

BY GLOBAL APERTURE LLC



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**Mid-course correction** [mid-corse kor-ek-shun]:  
noun: A navigational correction made at some point between the beginning and end of the journey.

### EVERY YEAR COMPANIES PLAN THEIR STRATEGIES TO GROW THE TOP AND BOTTOM LINE

They map out tactics to improve operating efficiencies in cost of goods, distribution logistics, gross margins and employee turnover. The enterprises most successful at meeting these goals take a look at progress to date somewhere around late summer or early fall.

### THE PLAN WORKED BUT THE WORLD DID NOT COOPERATE

At Global Aperture we work with some of the smartest executives around and their companies. The business plans we assist them in creating at the beginning of the year are intelligent, well thought out road maps to success. However, no one can anticipate the impacts of legislative shifts, administration changes in Middle East policy or world economic influences that suddenly come out of left field. It is the effects of such events that the midcourse review and plan adjustments address. We structure a formal review of the plan and the deviations that occurred since the beginning of the year. Then we do the research and run the action scenarios that will blunt the negative impacts or take even greater advantage of movements in our favor.

### BETTING THE FARM

It's the nature of successful enterprises and those who run them to take certain calculated risks. During the mid-year evaluation companies rigorously assess the risks they've undertaken. Risks may be linked to an unsuccessful product launch. Perhaps working capital proved insufficient for the growth encountered. Or maybe they anticipated a military program funding appropriation that didn't happen. Whatever the risk that was baked into the original plan, we want to identify it. During mid-year evaluations, we lay these

risk assumptions bare and quantify the best and worst case scenarios associated with each. Then we determine ways to reduce their negative impact while preserving as much of the upside potential as possible. With these risks pulled out of the plan, evaluated, adjusted and reintroduced with the knowledge we've gained since the plan was first created, we have a much more accurate and manageable picture of the world in which we're working. The business plan snaps into focus along with an increased likelihood of achieving the overall goals established at the beginning of the year.

### THREE-POINT MID-YEAR PLANNING CHECKLIST

Here are the three most essential points to incorporate into your planning cycle:

**Timeline:** The overall strategic planning horizon for most companies is usually five years in annual increments. The tactical plan that implements operational decisions usually spans 6-18 months in monthly increments, often with quarterly touch points.

**Regular, formal evaluation:** Establish a forum that meets periodically with the specific mission of evaluating progress toward both strategic and tactical plans. For strategic plans this is often done annually. For the tactical plans, most clients evaluate progress monthly. Specific individuals are made responsible and held accountable for reaching specific, quantified goals. Often bonuses depend—at least in part—on this performance.

**Quantify targets:** Targets cannot be ambiguous. The best ones are quantified—such as gross margin or EBITDA—and are easily seen both year-to-date and month-to-date, and compared to prior periods. This way there's no question how a performance metric is calculated and its progress to date.

## CHECKLIST FOR LEADERS

This interim evaluation and the resulting changes made to the annual plan require a written work product. Usually these are very short—a few pages—but powerful in their impact of what happens during the rest of the year. These few pages identify at least four key components of the work to be done:

1. Validate every key assumption that has a material impact – at least 5% - on the bottom line objective
2. Quantify progress toward each initiative then make adjustments.
3. Determine ongoing appropriateness and priority of each initiative
4. Team review the portfolio of initiatives including their expected financial and strategic impacts.

### EXPECTED RESULTS OF MID-YEAR ASSESSMENT

Our experience over 20 years in working with some of the most successful companies in the industry is that mid-year plan reviews work. The effort expended to do this essential task more than pays for itself in pressing advantages and cutting losses while they are still controllable. Everyone comes out a winner if the assessment is done in a formal setting whose results are documented and then implemented. Call us if you want to know how an experienced, professional organization conducts their mid-course corrections.

Until next time,  
Global Aperture, LLC

**Based in Los Angeles, Global Aperture LLC is a strategic change management consulting firm with a unique approach to problem solving that blends ideas, people, and action. Our team is dedicated to helping leaders slice through complexity, improve focus, and build the capabilities that yield results.**

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