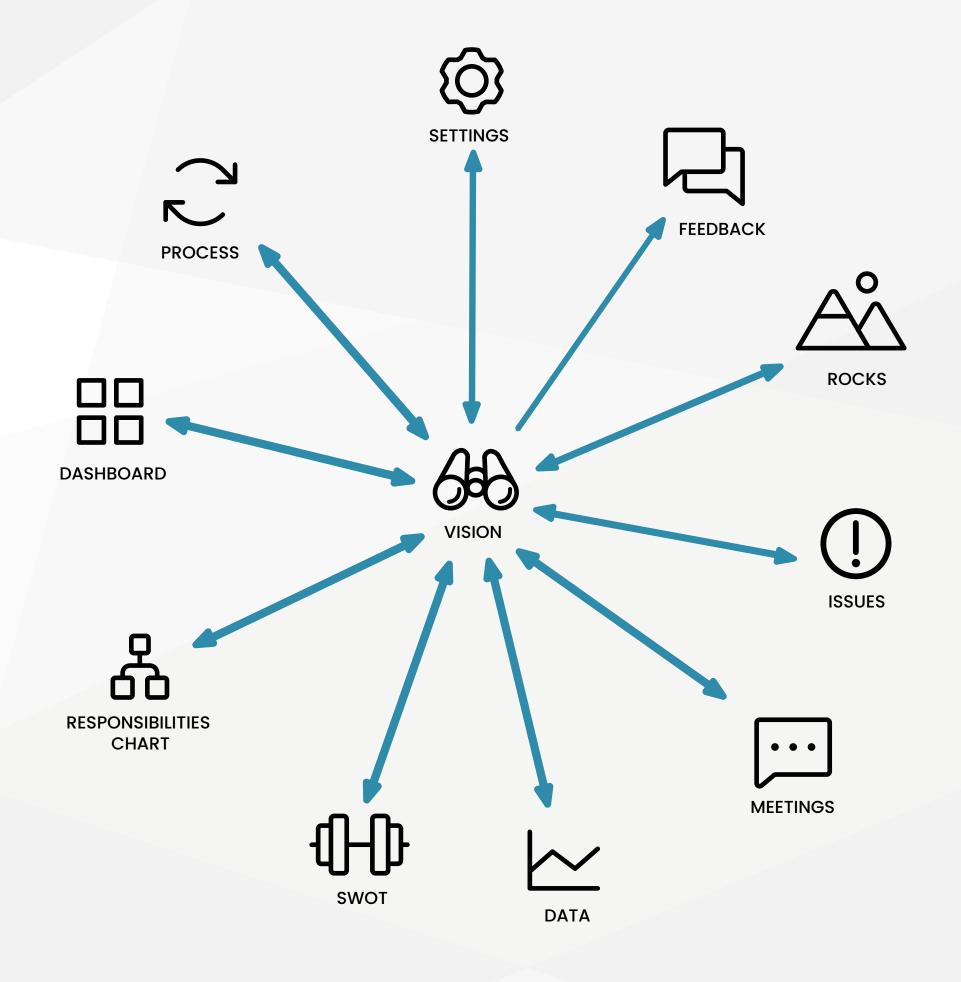
Rocks

As Yogi Bera so eloquently put it, "If you don't know where you are going, you might wind up someplace else."

Strong leadership teams know where they want their company to be long-term. They then paint a compelling set of pictures that help their team members see how the company's Compelling and Audacious Goals (CAGs) relate to their 1-Year, 3-Year, and 90-day goals.

Rocks are 90-day goals. Why 90 days? Research suggests that 90-day time horizons are effective for both teams and individuals. Beyond 90 days, outside forces (customers, suppliers, investors) start to pull teams off target and out of sync. Well-developed Rocks don't just align teams – they also pave the way toward longer-term goals. Think of them like Amundsen's 20-mile march. Rocks make it easy to pause, adjust, and calibrate our priorities as a team.

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Context

Say someone sets a personal long-term goal to be living an active life when they turn 100 years old.

"Healthy and active at 100" is their CAG, so they set a 3-Year Goal to run a marathon and a 1-Year Goal to run a 10k. They begin progress on these longer-term goals by setting a 90day goal, or Rock, to lose 10 pounds.

Breaking down goals like this offers many advantages. One is the clarity given to minor decisions (eating healthy, working out, etc.). In the example, they could lose 10 pounds by sustaining themselves on one Twinkie a day, but that would counter the overarching goal of being healthy and active at 100. Day-to-day tasks and decisions are easier when aligned with a compelling set of long-term goals.

The quarterly time frame of Rocks is an easily digestible scope, especially when broken down into Milestones, or steps. It's human nature to focus on a shorter time frame. We might lose sight of an annual goal when in the trenches, but Rocks and their Milestones help us stay on track.

Plus, since we share our Rocks and Milestones with colleagues, there's a bonus bit of peer pressure to cement our commitment. The goal is to make sure the team is making progress so that by the end of the quarter, we have given everyone the support they need to say "done."

Core Disciplines of Great Rocks

- communicate the company's priorities.
- Rocks are owned by the team member.

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1. Every quarter, the Senior Leadership Team (SLT) needs to set aside at least a day for a Planning Meeting. During this session, the SLT will look at their 3-Year and 1-Year Goals and ask, "Do we need to consider taking on any Rocks to ensure we're on track to achieve our goals?"

2. Set Company Rocks by reviewing the Rock candidates that came out of the goals review and the major <u>Issues</u> (problems and opportunities) on the Long-Term Issues list. Company Rocks are public commitments that

3. While it's tempting to take on a lot of Company Rocks, disciplined teams take on at most three to seven Rocks. The more we take on, the less likely we will hit them all.

4. In addition to Company Rocks, each SLT member should take on one or more individual Rocks. While Company Rocks are shared with the whole company, individual

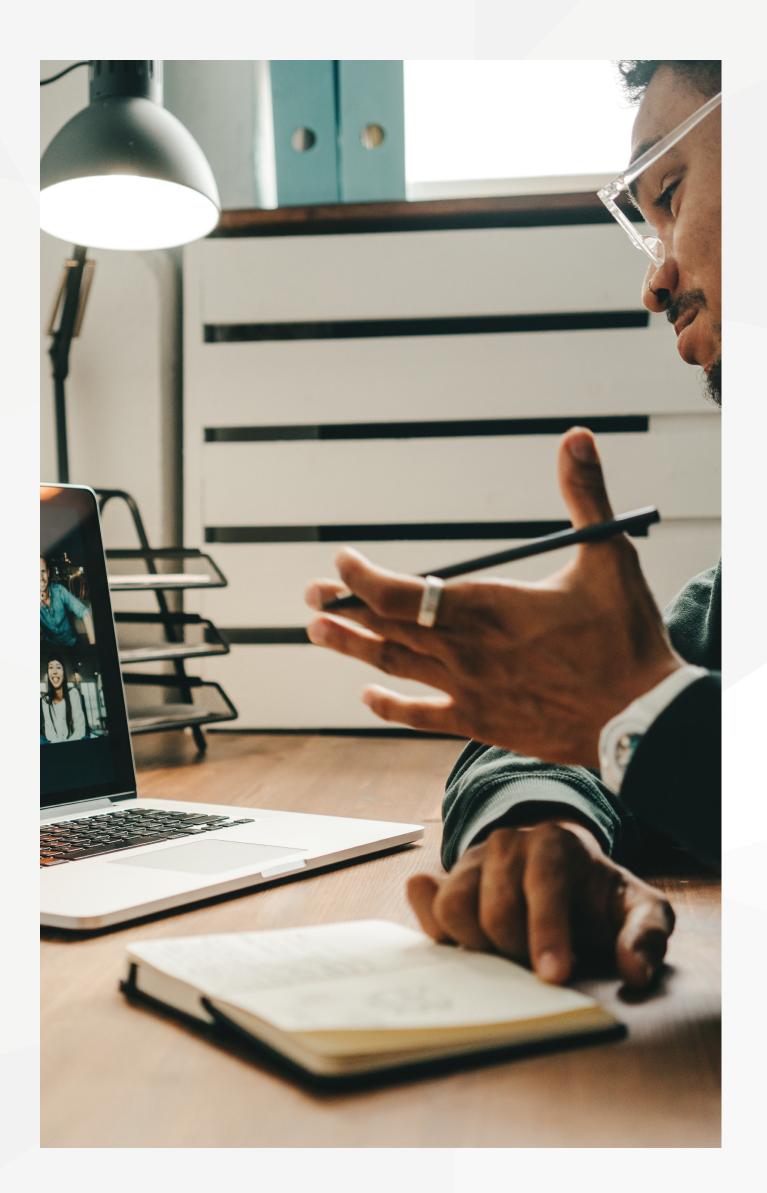
5. Over time, don't just set Rocks at the SLT level, but also at the department level. Once Rocks are set and achieved at the senior leadership and department levels, cascade Rocks down to teams within those departments.

6. Imagine a world in which every team is marching 90 days at a time and hitting 90% of their Rocks. Setting Rocks helps companies focus, align, and thrive.

7. Milestones break down Rocks into manageable chunks. We like three to five Milestones, about one every 30 days. That way, we can address issues before 90 days slip by.







Hopefully Helpful Hints

One person owns a Rock, but that doesn't mean that one person is responsible for physically completing all the Milestones and To-Dos associated with that Rock. The Rock owner is instead responsible for the overall completion of the Rock and managing the required inputs and outputs of different teams and individuals along the way.

For example, Sales might own a Rock for transitioning to a new CRM. Accounting may get involved in the contract, IT might comment on interoperability issues, and Marketing will likely want to make sure its needs are being considered.

One of the most important steps to accomplishing a Rock is making it SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound). Therefore, immediately following the assignment of the Rock, we dedicate time to adding detail so the Rock fits into the SMART framework.

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Takeaway

Successfully knocking out Rocks takes practice, so don't become discouraged if the first few quarters are rough. When the team learns the ins and outs of creating well-designed Rocks and how to follow through on them, achieving annual goals will feel like a cakewalk.

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