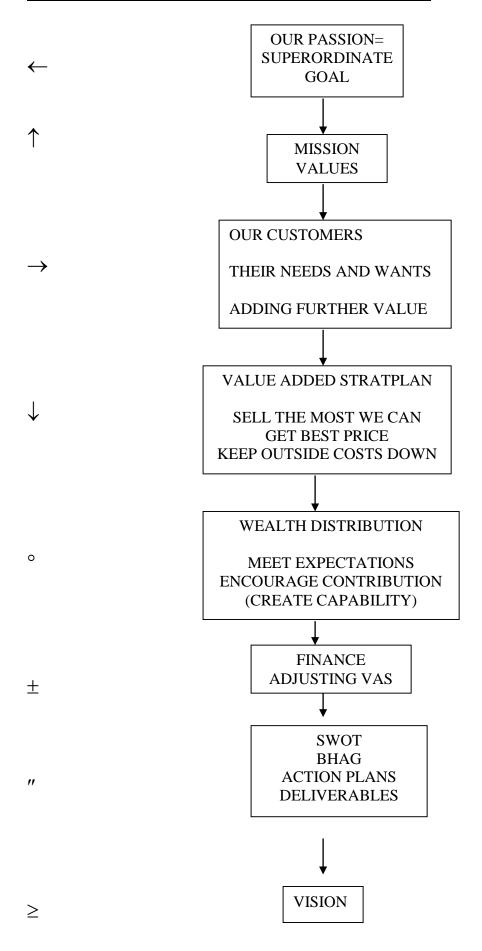
# USING CONTRIBUTION ACCOUNTING<sup>©</sup> AS COMPANY OR DIVISIONAL/TEAM STRATEGY.

The pro's of using a Contribution Account<sup>©</sup> as a strategic and operational scoring template.

- A method of sensibly and understandably linking the smallest operational activity to the overall performance of the company.
- **-** Forging a common fate focus on service excellence.
- A total coherence in all measurements translating into strategic objectives and the company's mission and vision.
- A practical way holding people accountable to measurements that make sense.
- **Enrichment of operational meetings.**
- An easily understood convention for employee reporting and information sharing.
- Forming the base for a flexible pay system such as gain- or fortune sharing.
- **•** And many others.

# VALUE ADDED STRATEGY TEMPLATE



# SECTION ONE: (A) MY INDIVIDUAL PASSIONS.

Write down at least five points that you are passionate about in terms of your professional occupation and individual pursuits.

# SECTION ONE: (B) WHAT WE AS A GROUP/COMPANY ARE OR CAN BE PASSIONATE ABOUT.

Write down at least five points that we as a company are or can be passionate about.

#### SECTION ONE ACTION:

(Defining what we are or can be passionate about.)

Flipchart all of the points raised in Section 1 (A&B) and by vote or repetitive count condense them to no more than 5 for A&B.

Through discussion arrive at one broad concept that these five points represent. If there is more than one, prioritise into one single concept. Ideally try and fit the concept into one word. Examples are "innovation"; "invent", "quality", "serve", "etc."

Or arrive at a phrase such as: "quest for zero-defect"; "intolerant of mediocrity"; "determined to add value to others"; "driven by others' needs"; etc.

In many cases the result may appear to be a cliché, or some statement associated with another company. As long as the result represents a concept about which all are, or can be passionate, then the statement can be redefined or put in a different way. It does not have to detail the product or service that you offer.

The result of this exercise can be moulded into a slogan that should authentically represent the "Super-ordinate Goal" of the company.

#### SECTION TWO: (A) DEFINING MISSION. (Individual Exercise)

Refer to the five points of passion that the group has defined, and take out the points (if any) that refer to self-interest or profit motive (e.g. make lots of money). Retain only those points of external interest, market or customer driven, or benevolent motive (e.g. authentic care, innovation, quality, and zero defects. Etc.) You may also omit "passions" that more appropriately fit individual behaviour (e.g. honesty, etc) or individual values. These will be accommodated in the company values.

Take the points remaining and by relating them to the product or service your company offers, create a Mission statement of not more than three or four lines.

| OUR MISSION: (individual) |
|---------------------------|
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Now in sub-groups of 3-5 discuss each individual mission statement and arrive at a sub-group consensus of an appropriate mission statement. Again not more than 3-4 lines.

OUR MISSION: (sub-group.....)

Now representatives of each sub-group meet to design the group consensus of an appropriate mission statement for the company.

| OUR MISSION: (Whole Group) |  |
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#### SECTION TWO (B) DEFINING VALUES.

Make a list of all of the most important things that you feel should constitute individual values in the way we behave towards each other, suppliers and customers. Some of these should be drawn from the list of passions that has been flip-charted. Remember "values" by their very nature have a benevolent motive. In other words they are not based on your own self-interest but on your behaviour towards others or how you would expect them to behave towards you.

| INDIVIDUAL |  |
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Now flipchart the individual values and by frequency count, vote or discussion arrive at a maximum of ten prioritised values for the company.

| GROUP |
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#### SECTION 3 (A) MARKET IDENTIFICATION:

WHO ARE OUR CUSTOMERS AND POTENTIAL CUSTOMERS?: (Sectoral. Need not be specific company names.)

Divide group into sub-groups of 3-4 or more as appropriate

| OUR CUSTOMERS: SUB GROUP |
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Representatives of subgroups meet as group to list customers and potential customers.

| OUR CUSTOMERS: GROUP |
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#### MARKET IDENTIFICATION: WHAT DO OUR CUSTOMERS NEED AND WANT THAT WE HAVE TO OFFER OR CAN OFFER AS ADDED VALUE TO THEM?

Divide group into sub-groups of 3-4 or more as appropriate

| OUR CUSTOMERS NEEDS AND WANTS: SUB GROUP |
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Representatives of subgroups meet as group to list customers' needs and wants.

| OUR CUSTOMERS NEEDS AND WANTS: GROUP |
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#### MARKET IDENTIFICATION: WHAT CAN WE OFFER FROM CURRENT OR NEW PRODUCTS AND SERVICES THAT CUSTOMERS MAY NEED OR WANT, BUT MAY NOT EVEN BE AWARE THAT THEY MAY NEED OR WANT THE PRODUCT OR SERVICE?

Note: This requires some lateral and creative thinking. The best approach is to put yourself in the customer's shoes and by imagining how they add value, or transform the world around them, conclude how you can help them in this process.

Divide group into sub-groups of 3-4 or more as appropriate

| OUR CUSTOMERS' NEW NEEDS AND WANTS: SUB GROUP |
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### SECTION 3 (C)

#### MARKET IDENTIFICATION: WHAT CAN WE OFFER FROM CURRENT OR NEW PRODUCTS AND SERVICES THAT CUSTOMERS MAY NEED OR WANT, BUT MAY NOT EVEN BE AWARE THAT THEY MAY NEED OR WANT THE PRODUCT OR SERVICE?

Representatives of subgroups meet as group to list customers' **NEW** needs and wants.

| OUR CUSTOMERS NEW NEEDS AND WANTS: GROUP |  |
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#### ADDING MORE VALUE OR CREATING MORE WEALTH.

#### GENERAL ECONOMIC CONDITIONS\*

- 1. International Scenario
- 2. Domestic Scenario.
  - a. Latest bank forecasts.
  - b. Exchange rate movements.
  - c. Interest rate movements.
  - d. GDE predictions.
  - e. Consumption Expenditure predictions.
  - f. Socio economic factors.

\*Researched and presented by Schuitema Associates, or independent economist/forecaster.

#### SECTORAL MARKET CONDITIONS\*.

- 1. In the light of general conditions, what are the prospects for our sector?
- 2. Latest trends in sales.
- 3. Latest trends in pricing.
- 4. Latest trends in competitiveness.
- 5. Market share analysis.

\*Researched and presented by Schuitema Associates in collaboration with client.

# ADDING MORE VALUE OR CREATING MORE WEALTH.

# 1. Latest Company Value Added Figures:

| Sales                          | = | R | - |
|--------------------------------|---|---|---|
| Less Outside Costs<br>Interest |   | R | - |
| Gives Value Added              | = | R | - |

| 2. Sales Analysis: Geographic |        | _       |
|-------------------------------|--------|---------|
| Area                          | Amount | % Share |
|                               |        |         |
|                               |        |         |
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## ADDING MORE VALUE OR CREATING MORE WEALTH

# 3. Sales Analysis: Customer Base

| Customer | Amount | % Share |
|----------|--------|---------|
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| Product or Service | Amount | % Share |
|--------------------|--------|---------|
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#### 4. Sales Analysis: Product or Service.

# ADDING MORE VALUE OR CREATING MORE WEALTH

5. Sales Analysis: Other Criteria\_\_\_\_\_

| Criterion: | Amount | % Share |
|------------|--------|---------|
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# 6. Sales Analysis: Other Criteria\_\_\_\_\_

| Criterion: | Amount | % Share |
|------------|--------|---------|
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# ADDING MORE VALUE OR CREATING MORE WEALTH

## Composition of Outside Costs:

| Item or Service | Amount | % Share |
|-----------------|--------|---------|
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# HOW CAN WE SELL MORE?

Divide group into sub-groups of 3-4 or more as appropriate

| WH | IAT WE CAN DO TO SELL MORE: SUB GROUP |
|----|---------------------------------------|
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## HOW CAN WE SELL MORE?

Representatives of subgroups meet as group to list what we can do to sell more.

| <br>WHAT WE CAN DO TO SELL MORE: GROUP |
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## HOW CAN WE SELL MORE?

Estimated Financial Implications:

| SALES       |        |  |
|-------------|--------|--|
| Action      | Amount |  |
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|             |        |  |
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|             |        |  |
| Total sales |        |  |

## HOW CAN WE SELL MORE?

Estimated Financial Implications:

| OUTSIDE COSTS       |        |  |
|---------------------|--------|--|
| Action              | Amount |  |
|                     |        |  |
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|                     |        |  |
| Total Outside Costs |        |  |

# HOW CAN WE SELL MORE?

Estimated Financial Implications On Wealth Distribution:

| EMPLOYEES       |        |  |
|-----------------|--------|--|
| Action          | Amount |  |
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|                 |        |  |
| Total Employees |        |  |

# HOW CAN WE SELL MORE?

## Estimated Financial Implications On Wealth Distribution:

| CAPEX  |        |          |                   |               |  |
|--------|--------|----------|-------------------|---------------|--|
| Action | Amount | Interest | Depre-<br>ciation | Equity<br>ROI |  |
|        |        |          |                   |               |  |
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| Totals |        |          |                   |               |  |

## HOW CAN WE GET A BETTER PRICE:

Divide group into sub-groups of 3-4 or more as appropriate

| WHAT | WE CAN DO TO GET A BETTER PRICE: SUB GROUP |
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## HOW CAN WE GET A BETTER PRICE:

Representatives of subgroups meet as group to list what we can do to get a better price.

| WHAT WE C | CAN DO TO GET A BETTER PRICE: GROUP |
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# HOW CAN GET A BETTER PRICE?

Estimated Financial Implications On Wealth Distribution:

| EMPLOYEES       |        |  |  |  |
|-----------------|--------|--|--|--|
| Action          | Amount |  |  |  |
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| Total Employees |        |  |  |  |

# HOW CAN GET A BETTER PRICE?

## Estimated Financial Implications On Wealth Distribution:

| CAPEX  |        |          |                   |               |  |
|--------|--------|----------|-------------------|---------------|--|
| Action | Amount | Interest | Depre-<br>ciation | Equity<br>ROI |  |
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|        |        |          |                   |               |  |
| Totals |        |          |                   |               |  |

# HOW CAN WE REDUCE OUTSIDE COSTS?

Divide group into sub-groups of 3-4 or more as appropriate

| WHAT WE CAN DO TO REDUCE OUTSIDE COSTS: SUB GROUP |
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## HOW CAN WE REDUCE OUTSIDE COSTS?

Representatives of subgroups meet as group to list what we can do to reduce outside costs.

| WHAT WE CAN DO TO REDUCE OUTSIDE COSTS: GROUP |  |
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# HOW CAN WE REDUCE OUTSIDE COSTS?

Estimated Financial Implications On Wealth Distribution:

| EMPLOYEES       |        |  |  |  |
|-----------------|--------|--|--|--|
| Action          | Amount |  |  |  |
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|                 |        |  |  |  |
| Total Employees |        |  |  |  |

# HOW CAN WE REDUCE OUTSIDE COSTS?

## Estimated Financial Implications On Wealth Distribution:

| CAPEX  |        |          |                   |               |  |
|--------|--------|----------|-------------------|---------------|--|
| Action | Amount | Interest | Depre-<br>ciation | Equity<br>ROI |  |
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| Totals |        |          |                   |               |  |

# ADJUSTED WEALTH CREATION ACCORDING TO PROPOSALS:

# Current Wealth Creation:

| A                                 |     |   |   |   |  |
|-----------------------------------|-----|---|---|---|--|
| Sales                             | =   | R |   | _ |  |
| Less Outside Costs<br>Interest    |     | R |   | - |  |
| Gives Value Added                 | =   | R |   | - |  |
| Adjustments:                      |     |   |   |   |  |
| В                                 |     |   |   |   |  |
| Sales                             | +/- | = | R | - |  |
| Less Outside Costs<br>Interest +/ |     | = | R | - |  |
| New Proposed Wealth Creation      |     |   |   |   |  |
| C = A + B                         |     |   |   |   |  |
| Sales                             | =   |   |   | - |  |
| Less Outside Costs<br>Interest    |     | R |   | - |  |

R\_\_\_\_\_

Gives Value Added =

#### SECTION FIVE: WEALTH DISTRIBUTION:

# Company Latest Value-Added Statement

| Sales              | =  | R | _ |
|--------------------|----|---|---|
| Less Outside Costs | =  | R | _ |
| Gives Value Added  | =  | R | _ |
| Which is Shared:   |    |   |   |
| Employees          | =  | R | % |
| Savings (a + b)    | =  | R | % |
| a) Depreciatio     | on |   |   |
| b) Retained        |    |   |   |
| Tax                | =  | R | % |
| Dividend           | =  | R | % |

An analysis of Value-added statement by a member of Schuitema Associates against broad benchmarks.

#### SECTION FIVE (A) WEALTH DISTRIBUTION.

On the basis of the current value-added statement are current expectations being met?

Yes\_\_\_\_\_ No\_\_\_\_\_

Define Criteria of expectations (e.g. Desired Rona, Rota, Eva, Roi, or Roce for shareholders or pay percentile of average for employees) for the following stakeholders, desired amount and shortfall on current VAS.

| Shortfall on Expectations: Employees: Sub-group |                   |                   |           |
|---|-------------------|-------------------|-----------|
| CRITERIA  | DESIRED<br>AMOUNT | CURRENT<br>AMOUNT | SHORTFALL |
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| Shortfall on Expectations: Employees: Group |                   |                   |           |
|---|-------------------|-------------------|-----------|
| CRITERIA                                    | DESIRED<br>AMOUNT | CURRENT<br>AMOUNT | SHORTFALL |
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| Totals                                      |                   |                   |           |

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| Shortfall on Expectations: Shareholders: Sub-group |                   |                   |           |
|--|-------------------|-------------------|-----------|
| CRITERIA   | DESIRED<br>AMOUNT | CURRENT<br>AMOUNT | SHORTFALL |
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| Shortfall on Expectations: Shareholders: Group |                   |                   |           |
|--|-------------------|-------------------|-----------|
| CRITERIA                                       | DESIRED<br>AMOUNT | CURRENT<br>AMOUNT | SHORTFALL |
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| Totals   |                   |                   |           |

Encouraging Continued Contribution: Creating Capability.

## Employees:

### TRUST IN LEADERSHIP: ANALYSIS PRESENTED ON THE BASIS OF SURVEY CONDUCTED BY SCHUITEMA ASSOCIATES.

| Critical points from survey |  |  |
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| EMPLOYEES: WHAT WE CAN DO TO ENCOURAGE CONTRIBUTION: SUB GROUP |
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| EMPLOYEES: WHAT WE CAN DO TO ENCOURAGE CONTRIBUTION: GROUP |
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| Encouraging Continued Contribution: Employees: Financial Implications<br>On operational costs. |       |  |
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| Action   | Cost  |  |
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| Т  | Total |  |

| SHAREHOLDERS: WHAT WE CAN DO TO ENCOURAGE CONTRIBUTION:<br>SUB GROUP |  |
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| SHAREHOLDERS: WHAT WE CAN DO TO ENCOURAGE CONTRIBUTION: GROUP |
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| Encouraging Continued Contribution: Shareholders: Financial Implications<br>On operational costs. |       |  |
|---|-------|--|
| Action  | Cost  |  |
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|   | Total |  |

First Adjustment To The Value-Added Statement:

#### Shortfall On Desired Distribution:

| Group            | From Pages 37&39 | From Pages 43&46 | Totals |
|------------------|------------------|------------------|--------|
| (A) Employees    |                  |                  |        |
| (B) Shareholders |                  |                  |        |

Adjust To New Desired Distribution

| Sales =                |      | R | _ |
|------------------------|------|---|---|
| Less Outside Costs =   |      | R | _ |
| Gives Value Added =    |      | R | _ |
| Which is Shared:       |      |   |   |
| Employees (Current + A | A) = | R | % |
| Savings (a + b)        | =    | R | % |
| a) Depreciation        |      |   |   |
| b) Retained            |      |   |   |
| Tax                    | =    | R | % |
| Dividend               | =    | R | % |
| SHORTFALL: =           |      |   |   |

(Calculate above distribution as follows:

Deduct New Employees figure and Depreciation from Value-added.

Apply Company tax rate to remainder and allocate this amount to Tax.

Apply dividend cover policy (or standard 2:1) to remainder and allocate to Ret Income and Dividend.

Second Adjustment To The Value-Added Statement:

#### Adjustments:

| From<br>Page | Sales | Outside<br>Costs | Employees | Depreciation | Retained |
|--------------|-------|------------------|-----------|--------------|----------|
| 22           |       |                  |           |              |          |
| 23           |       |                  |           |              |          |
| 24           |       |                  |           |              |          |
| 25           |       |                  |           |              |          |
| 28           |       |                  |           |              |          |
| 29           |       |                  |           |              |          |
| 32           |       |                  |           |              |          |
| 33           |       |                  |           |              |          |
| 47 (A)       |       |                  |           |              |          |
| 47 (B)       |       |                  |           |              |          |
| Totals       |       |                  |           |              |          |

(Note 47 A+B may have to be adjusted further if previous recommendations affect staff numbers, pay, or capex etc.)

Second Adjustment To The Value-Added Statement:

Adjust current figures according to page 48.

| Sales =              |        | R |   |
|----------------------|--------|---|---|
| Less Outside Costs = |        | R | _ |
| Gives Value Added =  |        | R |   |
| Which is Shared:     |        |   |   |
| Employees (Current + | - A) = | R | % |
| Savings (a + b)      | =      | R | % |
| a) Depreciation      |        |   |   |
| b) Retained          |        |   |   |
| Tax                  | =      | R | % |
| Dividend             | =      | R | % |
| SHORTFALL: =         |        |   |   |

(Calculate above distribution as follows:

Deduct New Employees figure and Depreciation from Value-added.

Apply Company tax rate to remainder and allocate this amount to Tax.

Apply dividend cover policy (or standard 2:1) to remainder and allocate to Ret Income and Dividend.)

Final Adjustment To The Value-Added Statement: To be completed at the end of stratplan session.

Adjust current figures according to page 48.

| Sales =                 |   | R |   |
|-------------------------|---|---|---|
| Less Outside Costs =    |   | R |   |
| Gives Value Added =     |   | R |   |
| Which is Shared:        |   |   |   |
| Employees (Current + A) | = | R | % |
| Savings (a + b)         | = | R | % |
| a) Depreciation         | _ |   |   |
| b) Retained             | _ |   |   |
| Tax                     | = | R | % |
| Dividend                | = | R | % |
| SHORTFALL: =            |   |   |   |

(Calculate above distribution as follows:

Deduct New Employees figure and Depreciation from Value-added.

Apply Company tax rate to remainder and allocate this amount to Tax.

Apply dividend cover policy (or standard 2:1) to remainder and allocate to Ret Income and Dividend.)

#### SECTION SEVEN (A)

#### SWOT ANALYSIS:

Discuss in Group and flipchart: Select maximum of 8 on basis of repetition or hand count.

| Our Strengths  |  |
|----------------|--|
|                |  |
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|                |  |
|                |  |
|                |  |
| Our Weaknesses |  |
| Our weakiesses |  |
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|                |  |
|                |  |
|                |  |

## SECTION SEVEN (A)

SWOT ANALYSIS:

Discuss in Group and flipchart: Select maximum of 8 on basis of repetition or hand count.

| The Opportunities |  |  |
|-------------------|--|--|
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| The Threats       |  |  |
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#### SECTION 7 B BIG HAIRY AND AGGRESSIVE GOALS.

On the basis of the sessions so far, participants would have a strong sense of some of the key challenges facing the company and goals that need to be set in place to meet them. These should be kept to a maximum of 10.

| B-HAG: Sub-Group |  |  |
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#### SECTION 7 B BIG HAIRY AND AGGRESSIVE GOALS.

| B-HAG: Group |
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# SECTION 7 C OBJECTIVES, PLANS AND DELIVERABLES.

# (ENSURE THAT COPIES ARE MADE OF THIS PAGE FOR THE NUMBER OF GOALS OUTLINED IN 7 B)

Assign sub-groups to each goal to design objectives.

GOAL: \_\_\_\_\_

| Objectives |  |
|------------|--|
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| Actions    |  |
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|            |  |
|            |  |
|            |  |
| By Whom    |  |
|            |  |
| By When    |  |
|            |  |
|            |  |
|            |  |

#### SECTION 7 D FINANCIAL ADJUSTMENTS OF BHAG

On the basis of the Goal setting exercise, examine whether there will be any changes to the financial implications for the Value-added Statement.

| BHAG ADJUSTMENTS TO VAS: SUB-GROUP |                  |             |
|------------------------------------|------------------|-------------|
| Adjustment                         | VAS<br>component | How<br>much |
|                                    |                  |             |
|                                    |                  |             |
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#### SECTION 7 D FINANCIAL ADJUSTMENTS OF BHAG

Representatives of subgroups meet as group:

| BHAG ADJUSTMENTS TO VAS: SUB-GROUP |                  |             |
|------------------------------------|------------------|-------------|
| Adjustment                         | VAS<br>component | How<br>much |
|                                    |                  |             |
|                                    |                  |             |
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Now transfer the adjustments to the VAS template on page 50 and discuss fine-tuning as a group.

#### SECTION 8 VISION.

Out of the B-HAG, and other relevant issues raised through the stratplan, design a short vision for the company of not more than 20-40 words. This should cover where the company would like to be. It need not necessarily be time bound.

Divide group into sub-groups of 3-4 or more as appropriate:

| Our Vision: Sub Group |
|-----------------------|
|                       |
|                       |
|                       |
|                       |
|                       |

Representatives of subgroups meet as group:

| Our Vision: Group |  |
|-------------------|--|
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JAFS 2/22/2002