2024

STRATEGIC
PLANNING GUIDE

for Digital Service Companies

parallax

TABLE OF CONTENTS

BRINGING CONFIDENCE TO AN UNCERTAIN FUTURE

Digital services businesses continue to face unprecedented challenges in the year ahead.

Amid strong economic headwinds, planning for the future can feel rife with uncertainty and ambiguity.

Salaries are on the rise, margins are getting squeezed, and budgets are getting slashed — making it more important than ever for leaders to mature their operations and stay confident in the year ahead.

A solid strategic planning process can align teams and be the most critical catalyst for business growth.

This Strategic Planning Guide for Digital Services Companies shares simple methods and habits you can implement at your business to support your next phase of growth.

Depending on your current state, you may not need to complete every exercise, so feel free to jump around to customize your planning process.
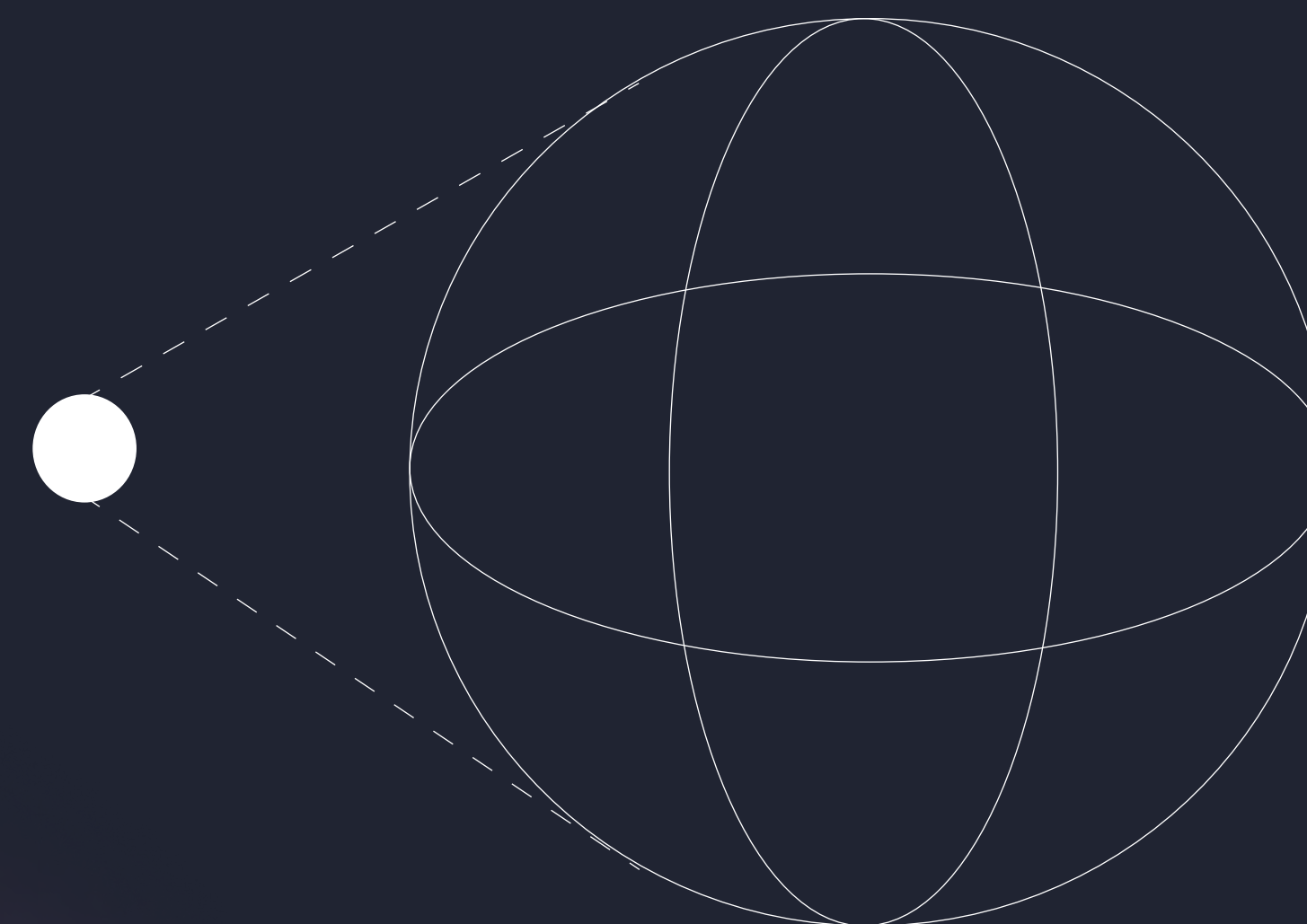
NEED ANY HELP OR FEEDBACK ALONG THE WAY?

Shoot us a note at **hello@getparallax.com** to get started. We'd love to chat.

TIMELINE

MONTH 01				MONTH 02				MONTH 03			
W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4

PHASE 1:
Plan
Identify Team, Set Timeline & Schedule Meetings (Kickoff)

PHASE 2:
Gather
Send Out Digital Services Maturity Assessment, SWOT Analysis, Calculate Revenue Capacity & Revenue Forecast, Synthesize Results DSMA & Conduct SWOT Based On Findings

PHASE 3:
Identify & Prioritize
Develop OKRs, Plan Cadence For Tracking

PHASE 4:
Finalize & Communicate
Finalize & Communicate, Share With Organization

Execute & Measure »

PREP FOR PLANNING

PREP FOR PLANNING

Start by **clearly defining** what you're trying to achieve through strategic planning & outline a simple project plan for your strategic planning process.

Strategic Planning Objective

Planning Checklist

✓ Review strategic planning timeline & revise after reading this guide

EXAMPLE TEMPLATE

✓ Identify strategic planning team

EXAMPLE TEMPLATE

✓ Document the timeline/project plan

✓ Assign facilitator

✓ Identify key objectives for planning process

✓ Schedule kick-off and workshops with planning team

✓ Prepare communication plan for strategic planning & roll-out

✓ Send welcome email and project plan to planning team

UNDERSTAND YOUR STRATEGIC STARTING POINT

KNOW WHERE YOU ARE, SO YOU KNOW WHERE TO GO NEXT

This phase sets the foundation for where your team will go in the future.

To effectively prioritize what your organization should do next, the leadership team must have a shared perspective on where you are today, taking into account:

○ **The operational maturity of the organization**

○ **Its strengths, weaknesses, external opportunities & threats**

○ **The current revenue capacity and forecasted revenue capacity for the upcoming year**

DIGITAL MATURITY MODEL ASSESSMENT & SWOT ANALYSIS

● Est: 30 Min

To kick off this phase of strategic planning, have each leader complete the Digital Services Maturity Assessment. This should take ~30 minutes to complete, and is an important step to creating a shared perspective on where you are today as business.

Download ⬇

Digital Services Maturity Assessment

SWOT Analysis

Once each leader has completed the assessment, have your facilitator synthesize the results. Highlight where the team has similar opinions and where they differ on how the business is performing. Then, bring everyone back together to review and discuss as a leadership team.

Reviewing this feedback and synthesis together is a great precursor to then conduct a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and is a technique for assessing these four aspects of your business. It's an excellent tool for helping the team align and prioritize their focus for improvement. We recommend a simple SWOT analysis that includes Parallax's unique external perspective informed by broad industry knowledge and deep industry experience.

NEED A HAND?

Contact Parallax for a **FREE consultation** to determine your organization's maturity against industry benchmarks.

Email **hello@getparallax.com** to get started.

REVENUE CAPACITY & FORECAST PLANNER

● Est: 60-90 Min

⊘ Calculate Revenue Capacity

⊘ Calculate Revenue Forecast

⊘ Get Forecasted Utilization

Download ⬇

Revenue Capacity & Forecast Planner

WHY DO I NEED TO?

It's **imperative to track your current revenue capacity** to understand the current state of the business, and layering on revenue forecast will help make informed decisions & plan for future growth.

Tab #2 of Planner Spreadsheet ▼

Calculating Revenue Capacity

01   Enter your target hours per week, annual PTO days and company holidays.

02   Next, choose a blended or detailed forecasting approach. Select "blended" to use average bill rates and utilization by role. Select "detailed" to populate bill rate and utilization by person.

03   Then, enter the expected utilization, available hours, billable hours, average bill rate and revenue capacity by type of role or each employee, depending on the approach you chose. Your monthly projections will auto-update upon entering these calculations.

Tab #3 of Planner Spreadsheet ▼

Calculating Revenue Forecast

01   Layer in your revenue forecast. Enter booked revenue by adding the client name, billing model (fixed or hourly), average bill rate, hours per month and the fixed amount per month.

02   Enter the month start and end date for that client/project. This will auto-populate the total booked revenue by month.

03   Then, enter future revenue that exists within your pipeline. Estimate the billing model (fixed or hourly), average bill rate, hours per month and the fixed amount per month.

04   Next, enter the estimated month start and end date for that client/project. This will auto-populate the total booked revenue by month.

STEP 02
UNDERSTAND YOUR STRATEGIC STARTING POINT

Completing a **maturity assessment**, **SWOT analysis,** and **calculating revenue capacity and forecast planner** will create alignment around your strategic starting point.

Objective of Step 2

To create internal alignment around the strategic position while identifying both internal & external factors that will impact success.

Deliverables

○ Digital Services Maturity Assessment

[EXAMPLE TEMPLATE]

○ SWOT Analysis

[EXAMPLE TEMPLATE]

○ Revenue Capacity and Forecast Planner

[EXAMPLE TEMPLATE]

Progress Checklist

✓ Complete a Digital Services Maturity Assessment

✓ Calculate forecasted to booked capacity

✓ Facilitate a 2-hour review of Assessment Results & SWOT Workshop with key stakeholders

✓ Synthesize results, produce SWOT report and calculate forecasted to booked revenue

✓ Present findings to stakeholders with analysis

IDENTIFY & PRIORITIZE YOUR OBJECTIVES

IDENTIFY & PRIORITIZE OBJECTIVES

Clear objectives & measurable results give structure to **ambitious growth goals.**

These give digital services companies a path forward that **improves communication and decision-making, and drives valuable action.**

Objective of Step 3

Identify and prioritize high-level goals & objectives for next year, including quick wins that can happen within weeks, by working backward from annual to quarterly to monthly objectives.

Deliverables

○ Annual objectives and measurable results

> EXAMPLE TEMPLATE

○ **Next quarter** objectives that support annual goals and strategies

○ **Next month** objectives that support quarterly goals and strategies

Planning Checklist

✓ Hold initiatives ideation & prioritization workshop

✓ Complete objectives & initiatives analysis

✓ Present findings to stakeholders with analysis

"OKRS" – MORE THAN A TECH INDUSTRY BUZZWORD

OKRs are a framework that helps companies set ambitious goals (objectives) and track how they are doing against them (key results).

Former Intel CEO, Andy Grove, popularized the idea for OKRs at Intel. In his book, *High Output Management*, Grove wrote that there are two essential questions companies need to answer to use a framework like OKRs:

○ **Where do I want to go?**
— This gives you the objective.

○ **How will I pace myself to see if I am getting there?**
— This gives you the key results.

EXAMPLE OKRS

Companies typically align OKRs with their org chart. There's a high-level company OKR, supported by department OKRs, & eventually individual employee OKRs.

OBJECTIVE:
Annual objectives and measurable results

KEY RESULT #1:
Increase billable utilization by 5%

KEY RESULT #2:
Increase average project margin by 10%

KEY RESULT #3:
Increase overall revenue growth by 20%

KEY RESULT #4:
Improve employee growth and retention by reducing voluntary turnover

OKRS FOR DIGITAL SERVICES COMPANIES

While the OKR framework is simple, actually implementing and writing your objectives and key results can be tricky.

You can find tons of advice about how to implement OKRs (including from Google, Hacker Noon, & Sachin Rekhi).

Former Intel CEO, Andy Grove, popularized the idea for OKRs at Intel. In his book, *High Output Management,* Grove wrote that there are two essential questions companies need to answer to use a framework like OKRs:

WHEN IT COMES TO WRITING YOURS, DON'T REINVENT THE WHEEL!

A lot of people (including us!) have already put in the work to craft OKR examples based on industry standards and best practices for what to measure.

To make this process simpler for you, we wrote OKR examples for all levels of a digital services company.

These OKRs will help you align your company to its goals, create a workplace that wins the best clients, and attract and retain the best employees.

Download ⤓

[OKRs for Digital Services Companies]

COMMUNICATE, MEASURE, & MANAGE

COMMUNICATE, MEASURE, & MANAGE

In order for strategic planning to take hold, your prioritized objectives and key results need to be shared & understood across the organization.

Every business has some sort of operational cadence that, good or bad, is communicating, measuring, and managing performance right now. In most cases, that cadence is not optimal and keeps information and decisions in silos.

At worst, it's a cadence of operations and decisions that are misleading and frustrating for teams and damaging for the business.

We've identified a few key cadences and best practices that **create the habits necessary for implementing our OKRs in a more consistent and effective way.**

Use the content on the next slide as an example based on the cadences you've already established. **The ultimate goal is to create framework that is consistent, reasonable, & valuable to your organization.**

DRIVE HEALTHY OPERATIONS

Strategic planning is only as effective as your ability to operationalize it throughout the organization. It all starts with a few fundamental steps.

When it comes to measuring against OKRs and driving healthy performance, stick to the best practices that deliver more consistency, visibility, and accountability – from weekly behaviors to monthly touchpoints to revisit progress against your strategy.

Download ↓

Operational Best Practice Guide

MONTHLY STRATEGIC PLANNING

WEEKLY OPERATIONAL LEADERSHIP BEST PRACTICE

WEEKLY HABITS & BEHAVIORS
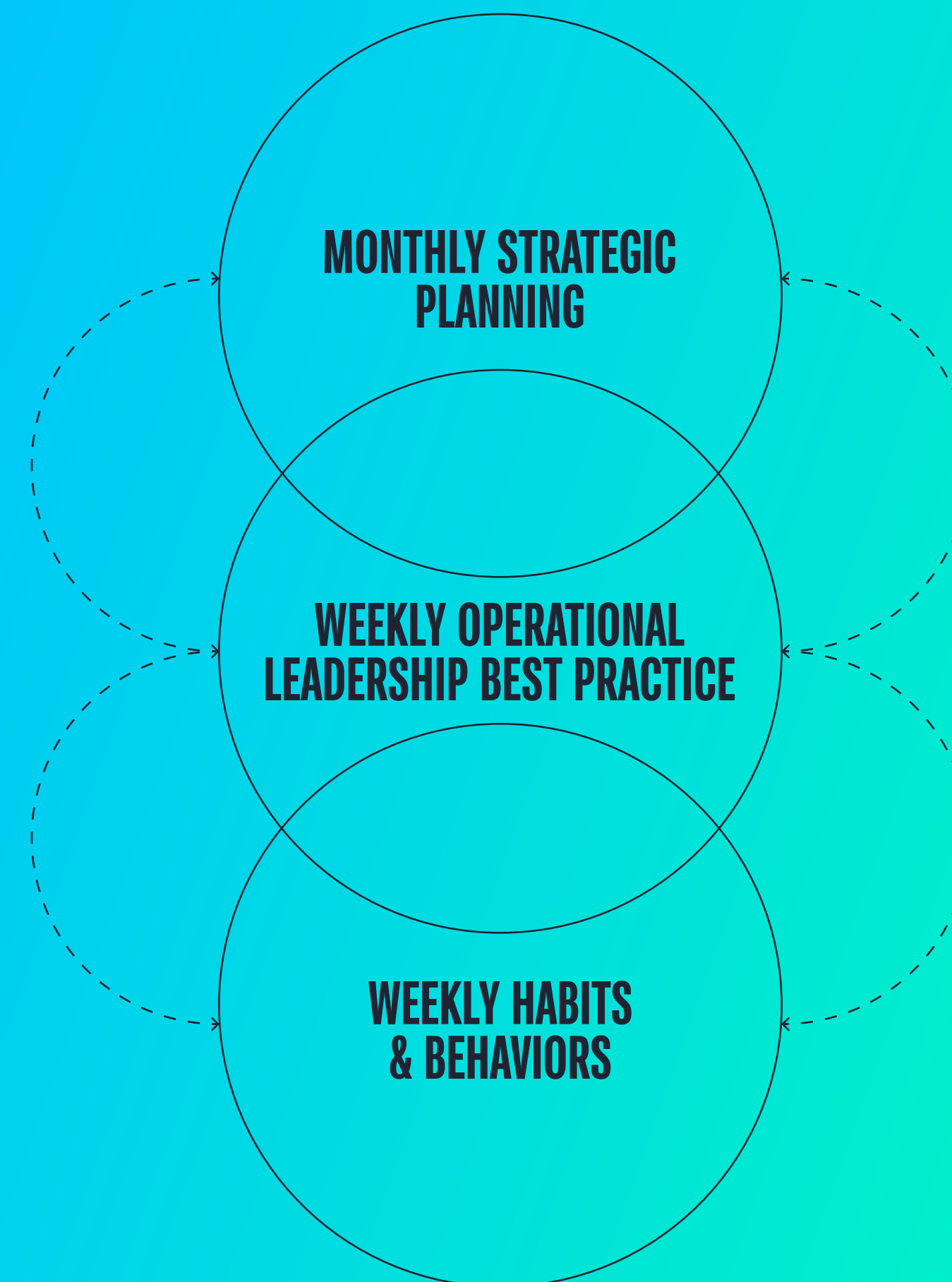
TLDR: IN SUMMARY

Though planning can be overwhelming, it doesn't have to be difficult.

Starting with the below planning points will help guide your focus within this next year.

NEED ANY HELP OR FEEDBACK ALONG THE WAY?

Shoot us a note at **hello@getparallax.com** to get started. We'd love to chat.

Step 1: Prep for Planning

Start by clearly defining what you're trying to achieve through strategic planning and outline a project plan for your strategic planning process.

> Project Plan & Timeline

> Strategic Planning Team Roles & Responsibilities

Step 2: Understand Your Strategic Starting Point

Completing a maturity assessment, SWOT analysis and calculating forecasted to booked revenue capacity will create alignment around your strategic starting point.

> Digital Services Maturity

> SWOT Analysis

> Revenue Capacity and Forecast Planner

Step 3: Prioritize Your Objectives

Clear objectives and measurable results give structure to ambitious growth goals. These give agencies a path forward to improve communication, decision-making, and driving valuable action.

> OKRs for Digital Services Agencies

Step 4: Communicate, Measure, & Manage

Prioritize sharing objectives and key results across the organization to ensure team alignment & consistent operations.

> Operational Best Practice Guide

getparallax.com

parallax