

## The VTO Model

*setting the **Vision**,  
establishing the **Test** to measure it,  
and translating the vision into **Operations***

*“We know only two things about the future: it cannot be known, and it will be different, (both) from what exists now, and from what we now expect.”*

Peter F. Drucker  
in *Managing for Results*  
Harper & Row, New York, 1964

### **The Context – Mission**

An organization at any point in time operates (or plans to operate) in a context of an external market. This relationship is called the Mission. The Mission Statement sets the boundaries of the business and guides people for the business(es) the organization is in, ...and *not* in. It identifies the “**industry**” sector, the **geography** covered, the **services and products** provided, and the nature of **clients or constituents** it serves. In essence, it describes what we do, for whom, and how we do it.

### **The VTO Model<sup>1</sup>**

The VTO process is simple and focused and takes place within the context of the Mission. Properly executed, it can make it possible for an organization to allocate its resources in powerful and even unique ways. It establishes, in simple terms, the organization’s reason for being. It is effective because all involved have a clear and common view of the “preferred future” and – because of this – can commit to it.

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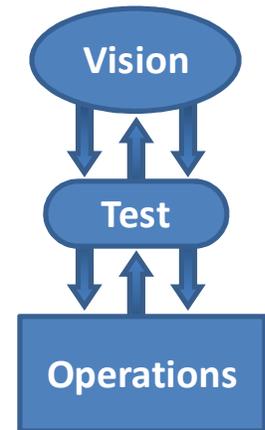
<sup>1</sup> This paper concentrates on the VISION setting and definition of the TEST, and addresses only the key characteristics of OPERATIONS. A companion paper addresses this last area, going into much greater detail on the mechanics of this critical phase.

**VISION** – That “preferred future” which is to be achieved.

- The VISION statement is short – ten words or less – expressing a *single* overall concept.

**TEST** – The technique for determining how the *VISION* will be – or is being – achieved.

- The TEST answers the question: “How will we know when we are achieving the Vision?” This TEST – also singular – must be quantitative, based on output, and valid and measurable over a long period of time. The TEST is to be *maximized* or *optimized*, e.g., the highest growth in the industry, or the most appropriate level of growth to ensure stability. It must be able to be measured by an external source affected by the attainment of the VISION, e.g., the customer. It must also be stated so that it can be used by people in the organization. Such a TEST in combination with the VISION statement is often difficult to establish, and this difficulty may require a restatement of the VISION.

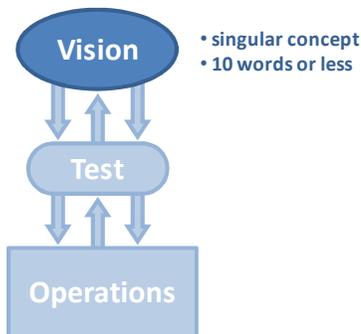


**OPERATIONS** – Those things that must be done to achieve the *VISION*.

- Once the VISION and TEST are defined effectively, together they become a powerful point of focus for all the organization’s activities (or OPERATIONS). OPERATIONS is how the vision will be achieved, i.e., the specific strategic initiatives, projects and functional mandates of people in the organization.

### Setting the Vision

Too frequently, managers behave as if their activities will make the organization’s VISION “readily apparent,” and the criteria for reaching it “abundantly clear.” There is strong pressure in most Western organizations to state a vague idea of where the organization is going, and quickly “get into action.” The premise outlined here says: “let’s make sure we establish *clearly* where we’re going – the VISION – and determine how we will know when we’ve arrived at our destination – the TEST – before we start off.”



A VISION can be for the entire organization or for any part of it. Depending upon their level in the hierarchy of the organization being considered, some visions may be quite time-dependent, while others might be of the “infinite” category, i.e., they can never totally be achieved. However, even the “infinite” ones would have definable milestones along the way. A Government’s *overall* VISION is in this latter category. It exists to meet the needs of the people, but these needs, in fact, will never be met entirely. They can be approached, and many milestones towards the ultimate satisfaction of these needs can be passed.

A *sub-vision* of Government is to meet the specific need of the people, for example, for health services and within this area a *sub-sub-vision* would be to improve mental health through the provision of appropriate treatment, prevention and education services.

In defining a VISION, the statement should be confined to ten words or less. Restricting the length of the statement forces the selection of a *single* overall concept, thus avoiding the confusion of a multi-dimensional – often conflicting – focus. This limitation on the VISION statement also excludes from the basic definition the *problems* or *constraints* involved in

reaching the vision. This type of goal statement will focus on what you **really** want to achieve, and help make the situation clear to those responsible for achieving it.

As is pointed out, if a vision statement is *more* than ten words, it almost certainly includes one or more constraints. If this is the case, there is a likelihood that the organization may be focused on trying to meet the stated constraints, rather than achieve the *real* VISION.

Instead, the VISION must be considered within a specifically constrained environment. These constraints work like an electric fence. The fence represents key factors which are the *constraints* or *boundaries* within which any goal must be achieved. Constraints prevent or hinder action, or in some way negatively influence the operations of a system. Constraints can take the form of environmental conditions, legislative regulations, resource availability, other program priority, amount of knowledge available, or required financial return. In any situation, there are probably an infinite number of constraints, but only a handful need be considered as significant.

Great care must be taken to try to set goals and tests – at any level – independent from the consideration of constraints. Often, it will become evident that most of the constraints will *not* inhibit the attainment of the objective. In the example on the right, only the constraint of “Public Attitudes” needs to be addressed before the goal can be achieved. It *must*, however, be dealt with, as the Vision cannot be achieved until the constraint defined by “Public Attitudes” has been reduced.



If a constraint really hinders the attainment of the VISION – the “electric fence” is too close – one must determine if it can be addressed in OPERATIONS so that it is no longer an impediment to achieving the VISION.

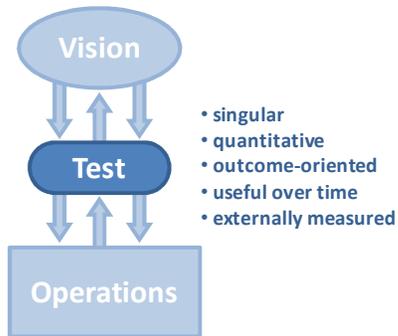
Note specifically that “financial return” should be regarded as a constraint! When most private sector organizations initiate the VISION-setting exercise, financial return – in terms of profit, profitability, or some expression of return on investment – becomes an integral element of the VISION. This “return” is really the *by-product* of pursuing your vision successfully, rarely a goal in its own right. By relegating financial return to the “boundary” category, the VISION becomes much more focused on the essence of the business – on the *substance* over the *report card*. This does not mean that the report card is unimportant; rather, it means that the energy is expended – using an analogy to the school work we all did – on “mastering the subject,” as opposed to merely “getting an ‘A’” on the final exam.

At its highest level, a shared VISION helps the organization develop shared pictures of a desired future that foster commitment. At its lowest level, the VISION provides the individual with a clear understanding of his or her *personal* “preferred future.”

### **Establishing the TEST**

The TEST answers the question “How will we know when the VISION is being achieved or will be achieved?”

There must be only **one** specific TEST of effectiveness for the VISION. If more than one TEST is used, there is the risk of testing for the *constraints*, rather than the VISION itself.



A TEST for any situation must be **quantitative**, i.e., something that can be measured. It must be **output oriented**, i.e., it must relate to what is produced, *not* what goes into the production process or *input*. It must be measured by an **external source**, e.g., the market or industry association. Above all, it must be a test of **effectiveness**. The dimension of the TEST is **maximization**, i.e., the “most,” or **optimization**, i.e., the “best” balance of opposing forces. Finally a TEST must be **simple** and easy to use. If the TEST defined does not meet the criteria above, it is necessary to re-define the VISION and then try again on the TEST.

### **Case History: Saskatchewan Hospital, Weyburn, Saskatchewan**

**VISION:** “to be a recognized leader in the rehabilitation of mentally ill patients”

**TEST:** “**days separation**,” i.e., days out of hospital, between release and re-entry

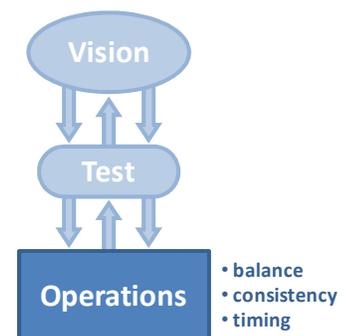
The Hospital developed this Vision and Test in the late 1950s. By doing those things that rehabilitated patients (as measured by a steadily increasing number of days out of hospital), the hospital population was decreased from nearly 3,000 to about 800 in under two years. Obviously, there were many constraints, some real and some imagined. One real constraint was the ability of the people of Weyburn to accept “strange behaviour” from released patients. Another was the resistance of staff to change. The least significant constraint was the ability of individual patients to modify behaviours that would lead first, say, to release from a “back” ward to an “open” one, then from an open one to “outpatient care,” and finally to “full rehabilitation.” Not all patients made it, but nearly all did and continued to do so. The hospital was eventually closed.

While the vision defined had been “on the books” for years, the test had not. Staff behaviour had concentrated on custodial care of patients and, at least in retrospect, on treatment that resulted in increased “days in hospital.” Statistics had been collected on input factors, e.g., beds active, dollars spent, stall levels. Finally, the staff – rather than the external community – had been doing most of the measuring.

With the new TEST, it was the community and the doctors in the community who determined by their level of acceptance of the released patients whether or not “days out of hospital” would increase. “Better mental health” is an intangible, subjective concept and not measurable by any known yardstick; *days separation* is a simple, quantitative measure, and in Saskatchewan, played a major part in changing the whole province’s approach to the treatment of the mentally ill.

### **Translating the VISION and TEST into OPERATIONS**

After the VISION has been defined, and the TEST determined, the last step is to work out OPERATIONS. This is the most rigorous part of the exercise. OPERATIONS are the ways in which the VISION is reached: the *planning, doing, and reviewing* activities. OPERATIONS comprises the specific strategic initiatives that will move the organization towards the VISION – understanding the gaps that exist between the “preferred future” and the “current reality” – as well as the “maintenance” functions required to sustain the current momentum and the necessary underpinnings of the organization. Further, it covers such items as staff deployment, work procedures, and materials and other resource allocation.



As mentioned at the beginning, the specifics of developing this phase are covered in a companion article on strategy<sup>2</sup>.

When the methods by which a vision can be reached are being considered, three aspects must be kept in mind: **balance**, **consistency** and **timing**.

### **Balance**

Effective management implies maintaining as precise a balance as possible between the VISION and the Resources necessary for VISION achievement. In this way, the VISION can be achieved through the utilization of the minimum amount of necessary resources. This situation is best illustrated by the *management weigh scale*.

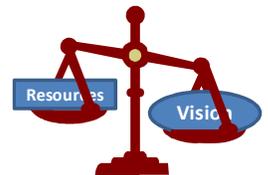
#### **A. Effective & Efficient Management:**

...when VISION and resources are in balance.



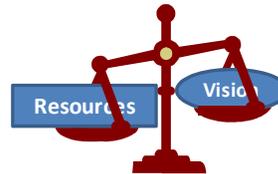
#### **B. Ineffective & Inefficient Management:**

...when the VISION is too large to be achieved with allocated resources.



#### **C. Effective & Inefficient Management:**

...inefficient allocation of resources resulting in underutilization of people, money, technology.



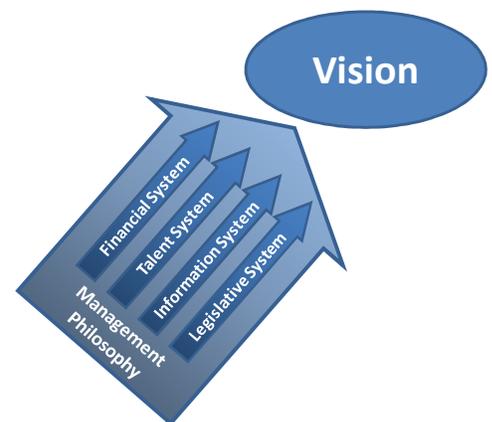
It is important to note that the “name of the managerial game” is *effectiveness*. *Efficiency* is only significant if and when the vision is achieved. In Situation B above, the vision cannot be achieved because of insufficient resources and the resources which *are* allocated, are wasted. In Situation C, the vision can be achieved, but resources are wasted.

### **Consistency**

To reach a VISION effectively, all the sub-systems or sub-visions involved in the process need to be complementary. Collectively, they must achieve *mutual consistency*.

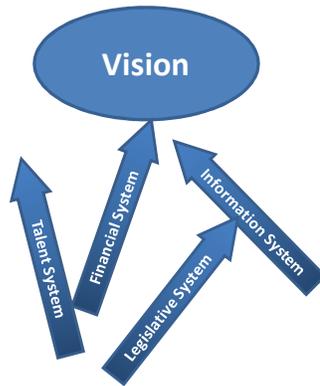
When considering how to reach a VISION, one needs to consider not only the *overall* OPERATIONS, but also the sub-systems. They should be assessed to determine if they are *assisting* VISION attainment, *neutral* toward VISION attainment, or acting as a *deterrent* to achieving the VISION.

The picture to the right illustrates *consistent sub-systems*. If sub-systems are consistent, the VISION can be achieved with the minimum necessary resources.



<sup>2</sup> The paper addresses the two key components of operationalizing the Vision: GAP ANALYSIS by assessing “current reality” against the “preferred future,” and fleshing out the STRATEGIC INITIATIVES to move from the present towards the VISION.

By contrast, in many organizations, the financial, information and talent management systems are formulated at different times, by different people. Based on different philosophies or receiving different levels of emphasis, they are at worst in conflict, or at best neutral in relation to each other. Such systems are not consistent in their relationship to a VISION. The result is akin to that depicted in the graphic to the left. In this situation, resources are wasted overcoming the “drag” created by those sub-systems which are inconsistent with the main thrust of the OPERATIONS.



The manager caught in an inconsistent situation may often feel like the halfback trying to cross the goal line with his left arm pulled by one player, his legs being tackled by another and his stomach being punched by a third. He will achieve the touchdown only if his blockers have been effective and his forward momentum high.

If the forward momentum exceeds the other inconsistencies, a touchdown results – albeit a painful one!

### **Timing**

Timing is the third aspect of assessing the effectiveness and efficiency of OPERATIONS. There is normally an *optimal sequence* for implementing the various operations necessary to achieve a vision both effectively and efficiently. For example, if trained personnel are required, they must first be *located* or *trained*. Therefore, the timing for achieving the VISION is dependent on the timing of this prior activity. In today’s organizations, it is often possible to get the money for a project faster than it is possible to get trained staff, or even agreement on the final vision.

Also, there may not be adequate resources to implement *all* the strategic initiatives at once, and the organization may not be able to absorb the magnitude of change dictated by the collective initiatives in the desired short time.

To establish the timing, techniques such as Gantt charts, the Critical Path Method and PERT (Program Evaluation and Review Technique), are often helpful. Supporting this activity, the *Strategy I-Star* approach<sup>3</sup> is also useful.

## **Conclusion**

In case after case, our approach has worked well to help senior management “flesh out” where it really wants to take the organization, then communicate this direction *clearly* throughout the organization by means of the TEST, and through the development of SUB-VISIONS and TESTS. As importantly, it provides the solid conceptual grounding on which to build plans and programs that will “move the ball ahead” towards that preferred future, through a consistent, focused effort by everyone in the organization.

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<sup>3</sup> For a copy of a paper covering this technique, contact Bob McCulloch at CYOR Consulting Group (Bob@CYOR.ca)