

# Winning the Fight: Using Target Mapping to Leverage Fixed Costs and Meet Customer Needs

BY AUDREY TAYLOR, PH.D., AND TRISTAN SAARIO

**MANY BUSINESSES ARE STRUGGLING TO DEAL WITH THE CURRENT SEVERE ECONOMIC DOWNTURN. ONE SMALL BUSINESS—A MARTIAL ARTS CLUB—DECIDED TO PERFECT ITS OFFERINGS AND FOCUS ON INCREASING ITS CUSTOMER BASE DESPITE THE POOR ECONOMY. THE STAFF USED A PLANNING METHOD CALLED TARGET MAPPING TO FIGURE OUT HOW TO DO THIS. IN THE PROCESS OF IMPLEMENTING ITS TARGET MAP, THE TEAM FOUND THAT SEVERAL PRECONCEIVED TARGETS SHIFTED AND THAT THE TARGET MAPPING PROCESS ENABLED IT TO RESPOND QUICKLY TO ENVIRONMENTAL CHANGES AND ARRIVE AT A STRONGER OVERALL PLAN. THE PLAN, WHICH WAS IMPLEMENTED WITH LITTLE EXPENSE USING THE ORIGINAL FACILITIES, PROVIDED A POSITIVE CASH FLOW. TARGET MAPPING IS RELATIVELY EASY, AND OTHERS CAN USE THE PROCESS THE GYM OWNER FOLLOWED AS A MODEL.**

A small athletic club that was established in Bellingham, Wash., in 2007 was at a crossroads toward the end of 2009. Even though it had an excellent, well-trained staff and an accessible location, the owner felt that the club was not utilizing its facility and staff as effectively as it could. It offered classes in Muay Thai, wrestling, Brazilian Ju-Jitsu, boxing, Mixed Martial Arts

(MMA), and strength and conditioning, and it had grown primarily by word of mouth.

People involved with the club tended to be diligent practitioners of martial arts, focusing on the discipline in order to master their physical skills and to experience the broader effects of life enrichment that flow from the pursuit of excellence. Understanding this passion, the club owner and one of his students, co-author Tristan

Saario, focused on a Big Hairy Audacious Goal (BHAG) for the club:

*To grow to the point of opening a full-sized “super gym” while furthering the sport and remaining a positive presence in the community.<sup>1</sup>*

In order to accomplish this goal, they identified several features they felt should be included in a super gym:

1. A cage and ring for training and sparing,
2. A massage room for easing sore muscles,
3. A weight room, and
4. A padded floor training area for general instruction and wrestling classes.

#### **LISTING THE OBSTACLES TO THE BHAG**

As part of Saario’s studies at Western Washington University, he had been introduced to a technique for reaching BHAGs called Target Mapping (TM).<sup>2</sup> The starting point for a Target Map is an agreed-upon goal. In a typical TM process, the team develops an obstacle list that consists of anything currently preventing the company from achieving its goal. The next step is to determine what conditions must be present so that the obstacle disappears. Then an action plan is developed so that each condition is reached, and, finally, metrics are added to monitor progress toward the goal.

The club had to deal with several issues. One problem the gym faced was low enrollment for the square feet available. Most of the costs of the club were, and are, fixed. They included the salaries of the instructors and the maintenance of the facility, property taxes, and insurance payments. There were virtually no variable costs. The real constraint at the time of the analysis was limited cash.

Even though the facility could handle more members, the facility size limited the variety of the services the club could offer. To serve the potential and current base more effectively, the club had to review the class offerings. In the quest to grow and attract more members, the club owner and Saario listed the following broad-based obstacles:

1. People are hesitant to try something new,

2. People are not aware of the diversity of the product offerings,
3. Public stigma against fighting hampers the diverse growth of the student base, and
4. Product quality will become harder to oversee as the organization grows.

#### **OBSTACLE TRUTH-TELLING**

It is critical during the TM process to articulate the obstacles clearly. Yet stating negatives about one’s company can be difficult and risky. Therefore, it is helpful if, during the Target Mapping meeting, the managing executive starts the process by listing his or her negatives first. A lower-level manager or employee will probably be reluctant to share any negatives about the company in front of his or her peers unless others have already started the truth-telling process. Ideally, the Target Mapping process is done in one meeting of representatives from each area of the company. Each manager contributes his or her obstacles until all known obstacles have been listed. People contributing obstacles have their names listed next to their obstacles. Each person is allowed to list only one issue at a time and then has to wait until everyone else has had an opportunity to add to the list before contributing another obstacle.

The top manager/owner was a pivotal part of the TM process and was transparent in his willingness to face the issues at the club. Therefore, the other participants felt the freedom to speak truthfully about the real problems blocking the company from reaching its BHAG.

#### **FINDING THE INTERMEDIATE OBJECTIVES**

The Intermediate Objectives (IOs) are the conditions that must be present for the obstacles to disappear. For example, Obstacle #3 states that “Public stigma hampers the diverse growth of the student base.” For that obstacle to be overcome, the following condition must occur:

“The community values the skills and views of those pursuing excellence at the fight club.”

This obstacle focused on the negative reaction many parents and community members in Bellingham had about fighting. The name of the club communicated

violence. For the club to attract new members, the kind of fighting taught would have to be perceived as peaceful and/or empowering. Participants would have to be viewed as those seeking “enlightenment” or “protection” rather than as ruffians honing their fighting skills.

#### DETERMINING THE ACTIONS AND METRICS NEEDED

Once the team has found the Intermediate Objectives, it lists the specific actions needed to achieve them. Ideally, the person listing the original obstacle should be the same one to list the IO and subsequent action needed to attain it. The advantage of choosing actions to attain IOs is principally that actions are minimized. The only actions prescribed are those needed to

achieve a specific goal. Once the actions are solidified, the team chooses metrics to monitor the progress toward the goal (see Table 1).

Notice that, in this instance, one obstacle and one IO required multiple action steps and metrics to attain the IO and overcome the obstacle. It is also possible that several IOs might be required for other obstacles. Additionally, it is possible for one action or IO to address more than one IO or obstacle, respectively. Similarly, one metric can monitor progress on more than one action and/or IO. In fact, minimalist measures and actions are ideal. A major benefit of the Target Mapping process is the elimination of unnecessary actions and/or metrics. The only actions are those needed to overcome obstacles in order to achieve IOs (see Table 2).

**Table 1: Target Map for Obstacle #3**

<b>Obstacle</b>		<b>Intermediate Objective</b>	<b>Action Steps</b>	<b>Metrics</b>
3	Public stigma against fighting hampers the diverse growth of the student base.	The community values the skills and views of those pursuing excellence at the fight club.	Get members involved in local charity, and offer a slight discount to people who volunteer regularly.	Track member involvement in the community service program
			Get favorable publicity for club activities, and earn respect (i.e., articles in <i>Klipsun</i> , <i>The Bellingham Herald</i> , etc.).	# of promotional pieces placed
				# of new and current members commenting on the pieces
			In the youth classes, dialogue is focused on mutual respect attributes. Instructors are observed by the owner.	Instructor ratings by the owner
			Trainers are encouraged to mentor their students in appropriate “fight” behavior as well as in the “fighting” techniques. A “knights of the roundtable” mentality is pursued.	Instructor ratings by the owner
			Members participating in inappropriate conduct are counseled. If no behavioral change occurs, they are asked to leave the club.	# of current members being counseled
				# of counseled members being asked to leave
				# of expelled members readmitted once behavior changes

**Table 2: The Target Map**

BHAG: Open a full-size MMA gym while furthering the sport and remaining a positive presence in the community

Obstacles	Intermediate Objective	Action Steps	Key Performance Indicator	
1	People are hesitant to try something new.	New people are so intrigued by the offerings that they overcome their resistance to doing something new.	Interest level in each area	
		<b>Create a survey to determine</b>		
		1. How new members heard about the club.		
		2. The skills and classes in which they were interested.		
		3. How well the classes and personnel are performing.		
		<b>Offer smaller class packages.</b>		
Entrance barriers are porous.	The number and variety of offerings are increased based on an analysis of market research.	Track use of trial and new memberships		
	Offer one-month trial membership instead of asking for a six-month commitment.			
2	People are not aware of the diversity of product offerings.	Current and future members are well-versed in all of the training options and class times for the upcoming and current offerings.	Interest levels in each area	
		<b>Use the survey created in #1</b>		
		Current members are encouraged to invite their friends. Any friends joining results in a discount to the referring member on their tuition. The discount = 50% for one month.	Track where new students heard about the club, and track street team ticket sales	
		A street team is created to promote shows.		
		Advertise in local media such as radio, Spike TV, and flyers.		
		Booths are set up at all fight events sponsored by the club. Because the team wins a great deal, that aids in the name recognition.		
3	Public stigma against fighting hampers the diverse growth of the student base.	The community values the skills and view of those pursuing excellence at the fight club.	Get members involved in local charity, and offer a slight discount to people who volunteer regularly.	Track member involvement in the community service program
			Get favorable publicity for club activities, and earn respect (i.e., articles in <i>Klipsun</i> , <i>The Bellingham Herald</i> , etc.).	# of promotional pieces placed
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			Members participating in inappropriate conduct are counseled. If no behavioral change occurs, they are asked to leave the club.	# of current members being counseled
				# of counseled members being asked to leave
				# of expelled members readmitted once behavior changes
		(continued on next page)		

**Table 2: The Target Map (continued)**

<i>Obstacles</i>		<i>Intermediate Objective</i>	<i>Action Steps</i>	<i>Key Performance Indicator</i>
4	Product quality will become harder to oversee as the organization grows.	Quality is instilled in the instructors and employees of the club.	Create long-term rotating curriculum so that the instructor can focus on the quality of delivery rather than on the content alone.	Track member attendance at classes
			Monitor attendance for each class and each instructor.	
			Allow instructor creativity with drills.	Track student response cards
			Reward instructors based on attendance and student reviews.	
			Give out student response cards quarterly.	

### THE CHRONOLOGICAL MAP

Once the Target Map is complete, with specific actions and metrics, the team identifies the order of the actions in the Chronological Map. The initial step for the club was to develop surveys to determine:

1. How new members heard about the club,
2. The skills and classes in which they were interested, and
3. How well the classes and personnel are performing.

See Figures 1 and 2 for the survey and Chronological Map.

The Chronological Map provided the group with specific steps needed to reach the BHAG, listed in chronological order. Actions possible at the same point on the timeline are listed horizontally on the Chronological Map. The map starts at the base and moves upward until the BHAG is attained. The metrics listed in green next to each action step provide feedback to determine progress toward the goal. If at any point the action steps are not achieving the desired result, the actions can be modified.

### THE RESULTS SO FAR

At this point in our story, the club has surveyed its members to determine their interests and how they came to join the club (see Figure 3). Based on the survey results, the owner/manager discovered that the best way to attract customers to his gym and to overcome the negative view of “fighting” was by word of mouth.

### Figure 1: The Survey

#### Fight Club

#### **New-Student Questionnaire**

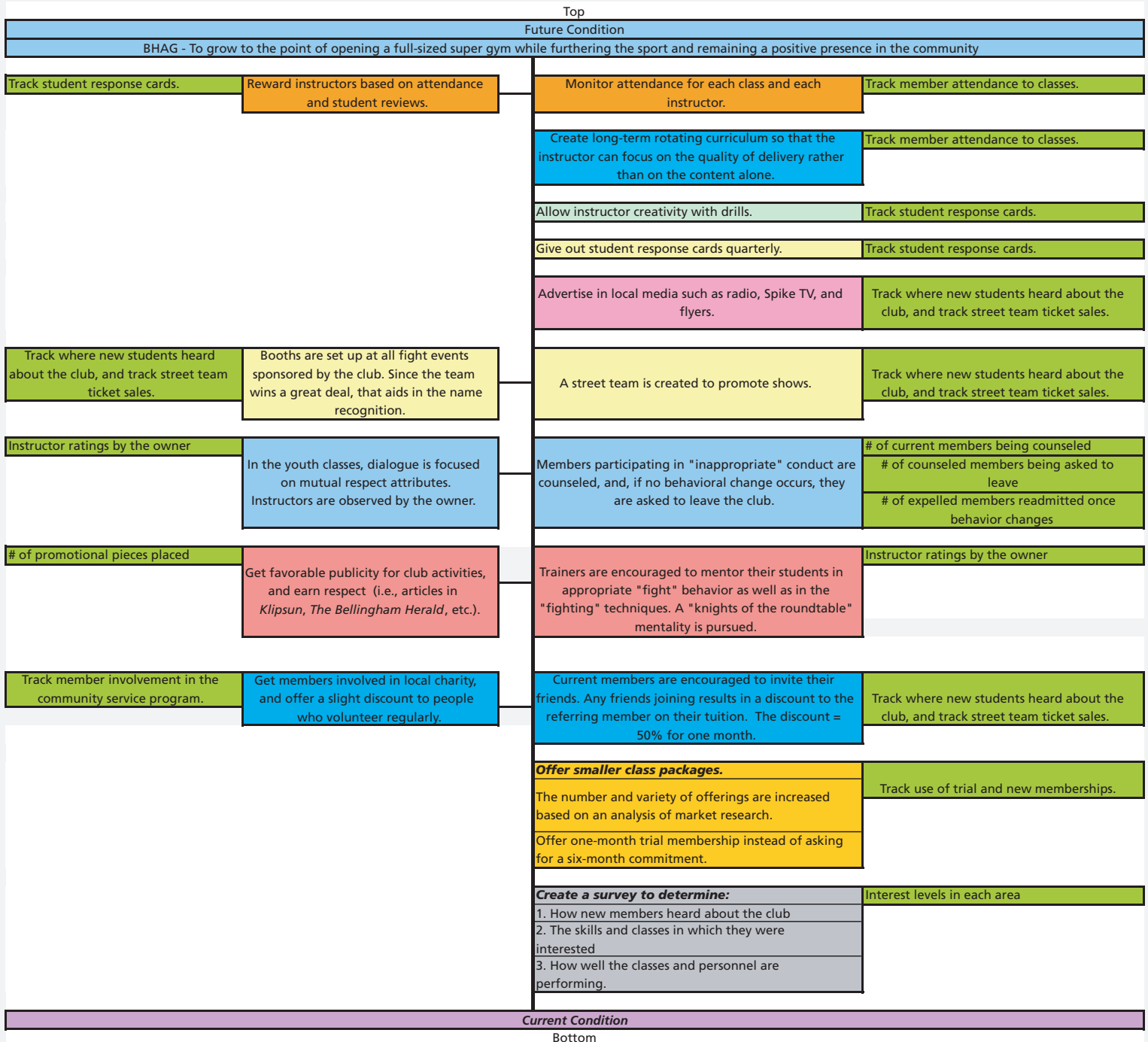
1. How did you hear about the club? (Circle one)
  - a. Friend
  - b. Literature/Pamphlets/Flyers (Please Specify) \_\_\_\_\_
  - c. Local Advertisement
  - d. Internet (Please Specify) \_\_\_\_\_
  - e. At an Event
  - f. Other \_\_\_\_\_
2. Primarily, what made you choose a martial arts program?
  - a. Exercise/Fitness
  - b. Self-Defense
  - c. Interested in Competition
  - d. Discipline
  - e. Other \_\_\_\_\_
3. What made you choose us over other gyms? (Martial Arts or other)
  - a. Personal Recommendation
  - b. Advertisement (Please Specify where) \_\_\_\_\_
  - c. Location
  - d. Coaching Staff
  - e. Other \_\_\_\_\_
4. What do you hope to gain from training here?
  - a. Fitness/Conditioning
  - b. Self-Confidence
  - c. Friends/Team Experience
  - d. Knowledge
  - e. Other (Please Specify) \_\_\_\_\_

To encourage the current members to talk to their friends about the gym, the owner/manager, with help from Saario, decided to offer them big reductions on

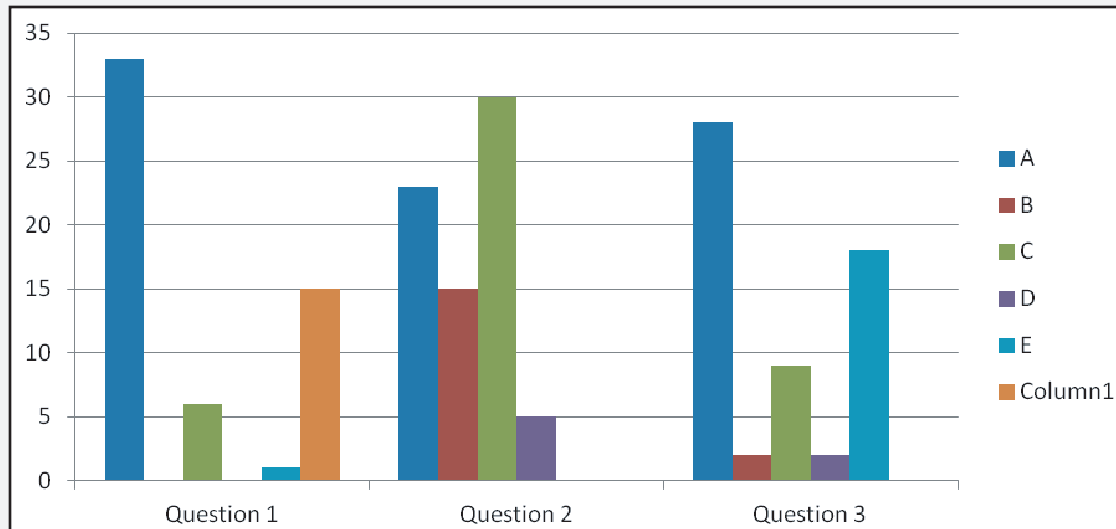
Figure 2: **Chronological Map**

Start reading at the bottom of the figure.

Metrics are in green, and simultaneous actions are color coded with the same color.



**Figure 3: New-Student Questionnaire Results:**  
Results Recorded on 12.09.2010: Sample Base 48



**Question #1: How did you hear about the club?**

- a. Friend
- b. Street Team
- c. Local Advertisement
- d. Charitable Works Program
- e. At an Event
- f. Other (please specify)

**Answers to Question #1 (Other):**

- Location – 2
- Internet – 5
- Google Maps – 2
- Family Member – 2

**Question #2: Primarily, why do you want to train here?**

- a. Exercise Program
- b. Self-Defense
- c. Interested in Competition
- d. Other (please specify)

**Answers to Question #2 (Other):**

- Discipline
- Want to better myself
- Better training
- Want to teach in the future
- Future in law enforcement

**Question #3: What made you choose us over other gyms?**

- a. Personal Recommendation
- b. Advertisement (Please specify)
- c. Location
- d. Price
- e. Other (please specify)

**Answers to Question #3 (Advertisement):**

- KISM
- Clothing

**Answers to Question #3 (Other):**

- Great first meeting
- Friendly environment
- Wanted to have a MMA experience
- Only "legit" MMA gym – 2
- Coaching staff (professionalism) – 2
- Good vibe – 2
- Best training available
- Tried out the free day
- Love MMA
- New start
- Word of mouth
- Eliteness – 2

their monthly membership dues for each new gym member they brought in. As a result of this incentive, the club had an influx of new members in the ensuing months.

The survey also pointed out that local promotions were effective. Therefore, the owner/manager and Saario sought to place more public-interest pieces about the gym in local media. One such article, “Breakdown of a Bloodsport” by Rhys Logan, appeared in the April 2010 issue of *Klipsun*, a Western Washington University magazine.<sup>3</sup>

Another survey result concerned information about the types of classes current and new members sought. More diverse classes were offered daily at times most convenient for those interested. The owner/manager sought to ensure that each class type was offered at a different time each day so that interested members could find a time that fit into their schedules.

To address the quality issue, the club developed a unified curriculum so that all of the instructors were “on the same page” regarding content. A student could receive the same skill set for class type, regardless of the instructor. This made the offerings much more flexible and convenient for the clientele. To ensure that customers’ needs were being met, a review sheet was given to each student to evaluate the training he or she received.

A key component of the new strategy was excellent instruction, so good instructors needed to be identified and kept. The review sheets helped pinpoint the good instructors, and the new reward system attempted to stabilize the staffing of the classes. Also, instructors with good reviews and steady attendance by members got bonuses.

### INCREASING CAPACITY

As a result of the changes, the membership grew to capacity in a down economy, and the cash flow improved dramatically. In fact, the growth was so good that the owner/manager started to seek a new location. He found a site in Mount Vernon, a town 30 miles south of Bellingham. The expansion was called off only because of issues with the leased property not meeting the owner’s high standards. He quickly retrenched, however, and continued the original strategy on the TM. He

now has a clear picture of the type of facility needed and is vigilantly seeking an appropriate location, even though the economy is still down. In less than two years, the club moved from undercapacity to overcapacity and from poor to good cash flow. The Target Map proved to be a valuable tool in a dangerous economy.

During the expansion process, the owner/manager also realized that another barrier to the super gym was the turnover of college-student members. As many of the members were students attending Western Washington University, he sought ways to draw more permanent residents to the club. He had pursued the Mount Vernon site because it was considered to offer a more stable client base. Now he sought ways to draw more permanent residents to the Bellingham site.

At present, a marketing intern has been hired to redo the club website and to investigate local advertising options. The image being presented now includes more refined pictures of the training classes and the fighting techniques. The refined marketing focus is on a younger, teenage clientele interested in the skills the club can offer, as well as older community residents seeking a fun way to stay in shape. The owner/manager also is pursuing a location with a more permanent potential clientele base.

### HOW THE TARGET MAP HELPED

The overall goal at the initiation of the mapping process was to get a bigger gym. The rationale behind this goal was the strong desire to offer better services. The staff believed that, unless the club could get a larger venue, many of the desired product offerings could not occur without eliminating some of the current offerings and jeopardizing relationships with current members. Once the goal was verbalized, it quickly became clear that cash, or lack of it, was the real obstacle. The four original obstacles blocked the club from achieving the desired revenue stream. Therefore, the team sought ways to increase cash flow given the current capacity constraints.

By the end of the process, the team discovered that current facilities could be utilized to increase revenue by providing a flexible menu of classes and times. Rather than increasing capacity, the club modified offerings to reflect the primary desires of its clientele.



The team discovered that the “super gym” did not have to be a super size.

What resulted from listing the obstacles is that the team became aware of how to overcome them in addition to achieving the original intermediate objectives and plans. In fact, new ideas for increasing membership and cash flow seem to emerge regularly and without prompting. Some ideas even originate with new members, instructors, and continuing personnel. In addition to the original four obstacles, others appeared as the team moved forward. For example, cash was not mentioned on the original list, but it became a clear obstacle as the team moved forward. Similarly, the turnover of a college-based membership base became clear, so the team added that previously unrecognized obstacle to the list in their efforts to achieve the super gym.

The team discovered that one of the most important portions of the Target Map proved to be the obstacle list. Although the methods of overcoming the obstacles can change or be refined, the list of obstacles stands as an imposing barrier to future victory. It inspires creative actions and plans and the desire to fight...which comes naturally to the staff! It was, and continues to be, a challenge.

## A REFINED BHAG

Peter Senge, in *The Fifth Discipline: The Art and Practice of the Learning Organization*, and Chris Argyris and Donald Schön, in *Organizational Learning II: Theory, Method, and Practice*, agree that the goal for an entity is to have Double Loop Learning (DLL).<sup>4</sup> In DLL, entities move forward by their willingness to question everything, including their original goals. In this TM process, the original BHAG was finally called into question once the process was well under way. The owner/manager realized that the goal of a super gym to serve all of his customers well was achieved best through flexibility and uniformity of the product offerings at the original site. The TM process revealed that excellent training, with flexible class offerings at multiple times at the smaller facility, was the best way to achieve customer satisfaction and long-term growth. New obstacles were revealed, and new techniques were discovered to address them. The learning never stops. The process never ends.

By following the Target Mapping process, the team achieved its goal without the unnecessary expense of a premature expansion. In time the gym may be expanded, but for now the current size has proven to be more than adequate. Building a tightly run superior gym has allowed the team to march forward toward the long-term goal of expanding into a larger site while maintaining superior product offerings and high quality of instruction. Keeping the team focused on the BHAG—the dream of the “super gym”—has created an energy to improve daily so that the immense gym can one day be reality. ■

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## ENDNOTES

- 1 The concept of a Big Hairy Audacious Goal is from J.C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies*, Harper Business, New York, N.Y., 1994; and J.C. Collins, *Good to Great: Why Some Companies Make the Leap...and Others Don't*, Harper Business, New York, N.Y., 2001.
- 2 The Target Mapping process was documented in Audrey Taylor, “Reaching Big Hairy Audacious Goals: Creating a Management Control System Through Target Mapping,” *Strategic Finance*, February 2008; and in Audrey Taylor, Julie Lockhart, Olin Eugene Meyers, Seth Vidana, Ira Simon, Chris Kenney, Isabelle DeLise, Ben Packard, and Brendan Lind, “‘Green’ Eggs and Ham: Target Mapping Makes University Food More Sustainable and Unites Disparate Groups,” *Management Accounting Quarterly*, Fall 2008.
- 3 Rhys Logan, “Breakdown of a Bloodsport,” *Klipsun*, April 2010, <http://klipsun.wwu.edu/archives/w10b/story.php?name=fight>.
- 4 Peter M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization*, Currency Doubleday, New York, N.Y., 1990; and Chris Argyris and Donald A. Schön, *Organizational Learning II: Theory, Method, and Practice*, Addison-Wesley Publishing, Reading, Mass., 1996.