PLANNING TO SUCCEED -- PLANNING YOUR FUTURE

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Strategic planning and business planning are among two of my most favorite topics to discuss and write about. Additionally, they constitute a great deal of my time with my clients. And yes, there is a significant difference between the two. Strategic planning focuses on the long-term (3 to 10 years out); business planning is much more short-term in nature, with a focus of three to twelve months. Unfortunately, though, too many organizations confuse the two and end up "thinking" they are putting together the longer-term strategic plan, but in reality they are doing nothing more than developing a road-map for the next six months or so.

No matter whether you are trying to put together a long-term strategic plan or a short-term business plan, the key to either plan is its implementation. A few years ago a very prestigious national accounting firm (no, their initials are not A.A.) did a rather extensive study on firms' abilities to put together plans and then effectively implement them. The study was conducted across a very wide variety of industries and encompassed organizations of varying sizes – from the very large to the very small. The net result of their findings: approximately 80% of businesses had put together a "reasonably" good plan, but less than 15% actually executed them!! Now, what sense does it make to put all the time, energy, and money into developing a plan if you don't implement it? And, as this study points out, a large percentage of American companies do put some sort of plan together, but the vast majority of these plans sit on book shelves collecting dust and are only removed when they need to be "updated" twelve months later.

There is one other extremely important thing to keep in mind with respect to planning, and that is that plans are ***only*** implemented by people. This in turn strongly implies that effective plan implementation requires both strong and effective managers as well as strong and effective leadership. Again there are significant differences between the two, but both are required to effectively, design develop, and execute a plan.

Before I get into some of the tenants of good planning, I think it is very worth while to briefly review some of the key reasons as to why plans do not get implemented and/or why companies eventually "fail.". Needless to say, there are a lot of such reasons, but the ***key*** ones that keep popping up again and again are as follows:

1. Poor or no long-term vision for the organization. Everyone has an inherent desire to belong to an organization that has a long-term vision as to why that company or organization is in business. It gives a sense of "belonging" to the employees of an organization, it gives them a sense of long-term direction and decision making, and it gives them a "reason" to ***want*** to come to work every day. Without a long-term vision, how can you possibly get to some "destination" and expect your employees to follow you?

2. Competing and/or too many priorities. When I visit a company for the first time and I ask to see the various business priorities they have established and are supposedly working on, I invariably get a multi-page document that has a whole slew of "business priorities" listed out for the whole world to see. Great intentions are exactly what the vast majority of them will always be – intentions. If ***any*** organization has more than ***seven*** key business priorities that they are working on at any one time, then they have too many! In fact, seven may be even too many, as this number is totally dependent upon the human, capital, and financial resources found in an organization. If you have more than seven, put them in the "sand-box" and get to them only after some of the original "seven" are completed.

3. Functional boundaries. Is the accounting department ***effectively*** communicating with the sales and marketing department? Is the shipping and order fulfillment department ***effectively*** communicating with customer service? Is the purchasing department ***effectively*** communicating with the sales department? I think you get the picture. If you answered "no" to any of these questions, or similar scenarios that come to your mind, then your organization has a problem with functional boundaries. Eliminating functional boundaries is ***required*** in order to effectively implement your plan. To do so well may necessitate changing how your company is organized.

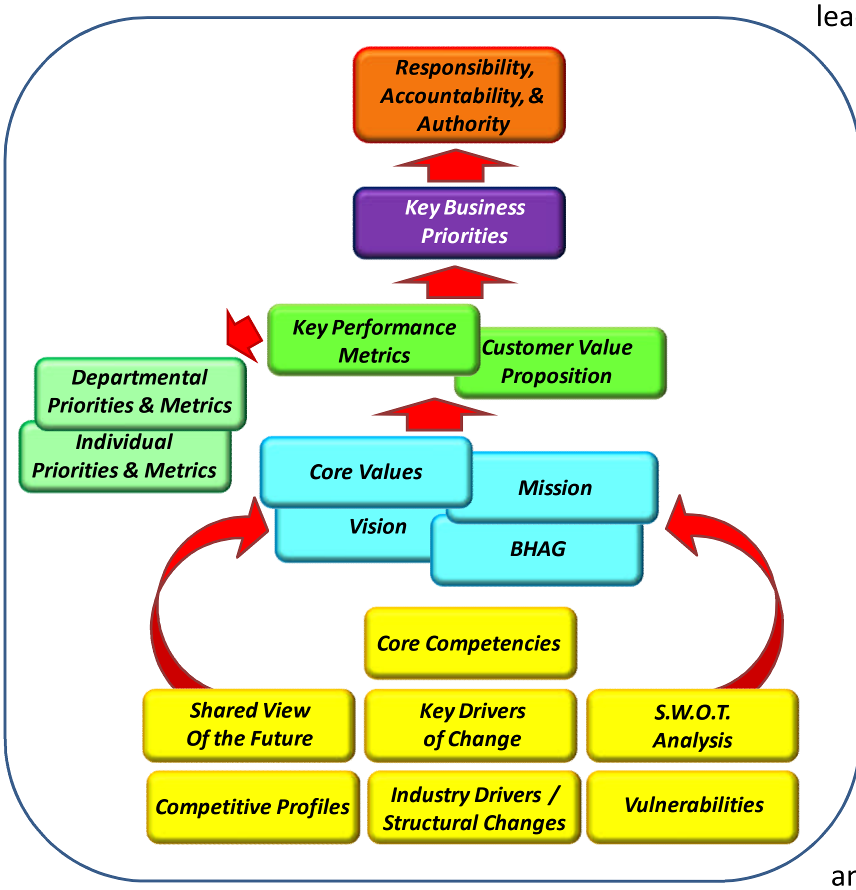
4. Lack of skills. Often companies find themselves in a position of "wanting" to do or accomplish something but the prerequisite skill sets required by individuals to "get done what you want to get done" are non-existent. So, there are several options open to companies. The first one, which is the path that the vast majority of companies follow, is to compromise their "dreams" by lowering the expectations and goals of the organization. A perfect formula for perpetuating mediocracy! A second option is to help those individuals and departments within the organization acquire the necessary skill sets. And thirdly, hire the "right" people who do have the skills and talents that are required to help your organization accomplish its goals.

5. Insufficient communication. I am sure that all of you at one time or another have complained about the lack of communication within your current organization, or other organizations that you have worked at in the past. Well, if you have, you are certainly not alone. Most companies, in an effort to "fix" their communications "problem, concentrate primarily on the "frequency" of their communications efforts as well as "how" those communications efforts are transmitted (newsletters, staff meetings, company meetings, etc. However, what is ***the*** most important component of communications formula is the "what." What is communicated is the key to successful communications. People want to hear what is important, germane, and relevant to their job, their company, and their individual efforts. What people don't want to hear is "fluff."

6. ***Activities based organization versus a results based organization***. Unfortunately, the vast majority of organizations are what I refer to as being "activity based" in their basic nature. That is, the individuals who make up these organizations are performing "activities" on a day-to-day basis as apposed to driving to a ***very specific result*** or series of results. A change in mental mind set to being driven to a specific result and not basing your day-to-day efforts around an "activity" will significantly enhance your chances of implementing your plan.

7. ***Lack of accountability and "consequences."*** Finally, another key reason that plans do not get implemented is because people are not held accountable. They are not fully held accountable for achieving the necessary results that comprise the overall business plan. Some companies that I have spoke to and worked with have initially disputed this "accusation" when I tell them that they are not holding their people accountable. They often say that such and such a person "has been given the task and responsibility" to get "something" done. But the most important part of the equation is, are there consequences associated with not meeting specific goals and objectives. If there are no consequences, then what is the motivation to complete something?

So, now that you have a better understanding as to why plans and initiatives fail, you should also have a good idea as to what you can do to change your management and leadership style in order to help eliminate some or all of these distracters of success.



There are many different planning processes out there, but all of them have some basic elements that are common to each other. The model that you will find to the left is one that I use quite extensively with many organizations. It should be kept in mind that the most important thing is not the plan itself but its execution. That is why I, and you should as well, place a significant amount of time on the implementation process part of planning. Not implementing a great plan will get you right back where you started. Properly implementing a simple, basic plan will garner you and your organization significant advancement.

Before you can actually determine what you want to be as an organization and how you are going to get there, you have to ground your planning team in the realities of your business and operating environment. By environment, I mean both the external operating environment as well as your internal operating environment. One place to start is by examining the "key drivers of change" within the industry and what short and long-term impact they could possibly have on the industry as well as upon your organization. What do we mean by "key drivers of change?" Simply stated they are those macro forces at play within the industry that you have little control over; over time they have the potential to significantly change the complexion of the industry and thus how you operate within it. Changing distribution systems, technology (think of what impact the Internet has had and will continue to have on business in general), changing demographics (look at all of the consolidation / amalgamation that has taken place in recent years), government rules and regulations, new and different forms of competition. These are just a few of the key drivers of change that all companies should be looking at they start their planning process.

Other key areas of self and external examination should include such things as conducting a detailed competitive profile. Specifically, you should be looking at the overall strategies of your competition, and how they are, or could potentially impact you and your organization. Take the time and effort to ascertain some of their key strengths and weaknesses – there may be some opportunities for you to exploit if you look carefully enough. But what is also very important in this area is for you to determine exactly who your competition really is. Many times it is not quite so obvious. And quite often organizations fail to identify and take seriously those "indirect" competitors out there that can, and often do, cause them "fits" down the road.

The final key external factors you should be looking at are those specific "industry drivers" that are currently fueling or impacting the industry (both positively and negatively) and which in turn will have an impact upon your organization. Eating trends, various segment dynamics, channel of distribution issues and challenges, vertical and horizontal integration trends, end-user / operator preferences and attitudes, and similar areas should be carefully examined and thoroughly understood by all as a prerequisite to any planning efforts.

Internal environmental assessment takes a little bit different tack, but one that is absolutely crucial for good planning. The primary purpose of undertaking an internal assessment is to see what "assets" and "liabilities" you have as an organization so that when you start crafting your plans or strategies you will not "miss-match" your goals and ambitions with the realities of your firm's capabilities. The first place to start is to do a thorough and ***honest*** SWOT (strengths, weaknesses, opportunities, and threats) analysis. The key here is the "honest" component. So many times organizations have a tendency to overstate their strengths and underestimate their weaknesses. The net result is often disastrous as once again the realities of the operating environment do not match with the capabilities of the organization.

Ascertaining your company's core competencies is another critical internal assessment that needs to be undertaken as part of the planning process. If you don't inventory and thoroughly understand what your core competencies are then you will not be able to attain maximum strategic leverage in the marketplace. In addition, if you do not access your core competencies you will not be able to accurately pin-point which ones you are deficient in.

Once you have completed your external and internal assessments, you are now ready to move on to a very critical component of the planning process, which is the identification of your organization's core values and the development of an organizational mission and vision.

Cores values are the underlying principals that guide the organization in all of its actions, and they drive all decision making within an organization. In essence, they are an organization's "guiding light." Numerous and extensive studies have shown that organizations who have identified, publicize, and "live" their stated core values ***significantly*** out-perform those organizations which do not.

Many organizations confuse "mission" and "vision." Many think that they are one in the same thing. Nothing could be farther from the truth. A mission statement's purpose is to let all of the internal and external constituents of an organization know as to what business you are in and why. A vision statement basically paints a ***realistic*** and ***obtainable*** picture of what you want your organization to look like or where you want your organization to be at some point in the future – usually three to ten years down the road. Organizations ***can not*** develop an effective, realistic, and obtainable vision until they have thoroughly analyzed their external and internal operating environment.

Once again, numerous exhaustive studies have shown that the development of a comprehensive, well thought out, realistic, and constantly communicated vision is ***the*** single most important key to the success of an organization. In essence, a vision lets everyone in the organization know exactly what direction the organization is heading in and why. It is a vehicle that allows every single person in the organization to become part of something that is significantly bigger than the individual parts. And let's face it, most people are much more effective and productive when they know that their day to day efforts are geared towards a long-term objective, or goal.

Every year in the spring Fortune magazine publishes two articles that I believe tell the story of the importance of having a good vision. The first article is normally entitled

"*The Top 100 Companies to Work for in America*." This study that is done with the employees of companies large and small to ascertain what companies are great to work for, what companies are not, and why? The underlying golden thread that exists in all of these top companies is that there is a clearly articulated and long-term vision that the employees can rally around. The second article, "*The Top 100 Profitable Companies in America*" is, as the name implies, a list of those top performing companies. It is interesting to note that the companies that appear on this list are almost identical to the ones that appear on "*The Top 100 Companies to Work for in America*." list. Coincidence? I certainly don't think so. There definitely is a very strong link between companies which have a clearly articulated vision that is embraced by the employees and the profitability of those companies.

Since the vision is in essence the long-term goal of the organization, ***all*** activities and decisions that an organization makes should be made in reference to and in the context its vision.

Each company should also develop a customer value proposition (CVP). A CVP is a clear and compelling reason as to why customers should be doing business with you. If you don't have one, get one! After all, the majority of the "price wars" that occur in this industry are because the vast majority of its participants have not sat down and tried to determine, or craft a customer value proposition for their organization. If you undertook this simple exercise, and then leveraged it, can you envision the positive impact that it would have on your organization?

The next logical step in the design and implementation of a good plan is the establishment of a set of operating metrics: performance metrics that the organization is trying to achieve. Traditionally the vast majority of corporate America have a lot of "standard" financial metrics in place (GP, ROI, inventory turns, sales / employee, etc.), but unfortunately other classifications of metrics are required as well. Specifically, performance metrics should be established for customers as well as employees. Why? Simply stated, there is a direct co relationship between employee satisfaction, customer satisfaction, and the growth and profitability of an organization. If you develop good metrics to measure employee and customer satisfaction, along with policies and procedures to constantly improve your organization's performance in these two key areas, then you significantly increase your chances to attain the growth and profitability levels that you want to achieve. Unfortunately, ***very few*** companies pay much attention to anything other than their financials. One last point on metrics, you should only establish twelve different ones that you will be tracking on a regular basis. Evenly split among financials, employees, and customers is a good way to approach the development of these metrics.

Now that you have a long-term vision or a goal that you are trying to achieve, how are you going to get there? The next stage in the process is to identify those "key business priorities," or strategies that the company needs to initiate and complete in order to reach its vision. If your company is like the many I work with, everyone has his / her own ideas of what needs to be done, why it needs to be done, and how it will get done. The problem is that “everybody” has these ideas and they are often very different than those of other people in the organization. The key is to get as many of these thoughts and ideas from the planning team out in full view for everyone to see. Once this is done a simple process of elimination takes place. Referring back to your vision statement, narrow the aforementioned “list” of ideas down to a maximum of ***seven*** priorities that your organization is going to implement. The seven that are chosen should be the ones that will have the greatest impact upon the organization within an acceptable period of time. And again, all seven should be directly related to the achievement of the organization’s vision.

Before you finalize on your “seven,” it is imperative that you refer back to the internal analysis that you have performed on your organization to make sure that what you are trying to accomplish can be matched with the resources (both human as well as financial) that are available to you.

Once the “seven” have been finally identified and agreed upon by the planning team it is now time to start implementation. Implementation – ***the*** most important aspect of planning. Each identified business priority should have a team assigned to it. The team should be cross functional in nature in that executives / managers from different departments should be assigned responsibility for working on it. Each team should be comprised of no more than five or six individuals and these team members should designate one of the members to be the team leader, who is ultimately responsible for the priority’s completion.

With the business priorities established and teams assigned to each one of them, it is now the responsibility of the teams and their respective leaders to establish a detailed “map” as to how the business priority will be implemented. This “map” should, in detail, outline what has to be done, by whom (or department), when it ***will*** be completed, and what will the deliverables be. The map should also state what kind of resources will be required to complete the business priority, and what level of authority or decision making the team will need in order to get accomplished what they needs to be accomplished.

The key, as mentioned earlier in this article, is that some ***one*** (normally the President and / or CEO of the organization) needs to hold every team and its corresponding leader accountable for what they said would get done and within the established time fences. If commitments and obligations are not met then some sort of consequence ***must*** result.

Effective planning should not be considered an event but rather an ongoing, continuous process that must be constantly monitored. On a monthly basis the entire planning team should meet for a period of time to review the progress that the company is making. Specifically, these monthly meetings should be designed to discuss, among other things, the external operating environment of the organization, the internal operating environment of the company, the company's mission and vision (are they still relevant), the company's core values (are we living up to the values that we have "published"), the competitive environment, and most importantly, how is the organization progressing on its key business priorities. These are the things that matter most to the organization, and these are the things that matter most to all of the employees.

Does all of this sound too complicated and overwhelming for you? It shouldn't. In fact it is a very simple and basic procedure, that most importantly, makes good business sense. The most successful companies in American, in and out of the food service industry, employ planning and implementation systems identical to, or at the least, very similar to what I have just described. If they can do it, then surely you can as well.

If you would like more information on how effectively planning and implementation can work for you and your organization, then please feel free to contact the author at the various contact points provided below.

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