



EFFECTIVE ONGOING BUSINESS PLANNING

Achieve your goals with a bold vision and effective, ongoing business planning

By Greg Fisher

A very wise mentor of mine once pointed out that as individuals “we almost always overestimate what we can achieve in a single day but we usually underestimate what we can achieve in three to five years”. The implications of this truth are profound – we work from one day to the next struggling to get through disorganised, unfocused to-do lists but we seldom have a bold vision of what we could achieve in the medium term.

Many, many businesses and business units fall prey to this unfocused, misaligned approach to daily activity. Employees are just doing things the way they have always been done and managers are focused on small insignificant issues that make almost no difference in the bigger scheme of things. The challenge for you as a business owner or manager is to move your business past this myopia of unfocused activity to a place where people are working effectively toward a coordinated set of bold objectives that will cause your business to achieve more than you could ever have imagined in a three to five year period.

The single biggest factor that contributes to effective alignment of people and processes within a business is an effective planning process. Many business owners write a business plan when they first launch their business but not enough managers and business owners effectively plan from one year to the next. Ongoing business planning is different to writing a business plan. A business plan is usually prepared when launching a business to lay out plans and convince some outsiders to fund or partner with the business. The practice of ongoing business planning is a critical part of the strategy formulation and management process in any business, no matter how mature the organisation is.

Ongoing Business Planning:

- Is a process of constructive debate and discussion, in which managers consider different alternatives for the future of the business
- Is used to get all the managers and employees aligned toward the same set of business objectives.
- Should be done on an annual or semi annual basis with quarterly or monthly reviews.

An effective business planning process for a business of any size or age is dependent on three key factors:

1. Conscientious Preparation

The more conscientious managers and key employees are in preparing for the business planning discussion, the better the return on the process.

2. Active Participation

The more active managers and key employees are in participating in the business planning discussion, the better the outcome.

3. Specific Plans

The more specific and measurable the assigned tasks and goals that emerge from the planning discussion are, the better the return on the planning process.

These three factors – preparation, participation and planning – relate directly to the three key phases of a business planning process: input, interaction and output. Too many managers and business owners focus only on the interaction element of the planning process. They book a weekend away at a nearby resort or game farm, insist that all the managers and key employees show up and then expect the planning process to just unravel and pay dividends. Effective business planning is much more than a relaxed discussion over a few drinks at a nearby resort; it is a deliberate process that entails preparation, hard work and intellectual engagement in three key phases: input, interaction and output.

Phase 1: Input

Input is the work that is done prior to the planning session. It is the effort that people put into gathering data, reviewing past business performance, considering personal objectives and charging their minds so that they can effectively engage in the process of considering alternatives for the future when that time arrives. This phase of the process is critical and yet so few people do any kind of significant preparation prior to engaging in a business planning discussion.

Here are the key things that you should do prior to the session to ensure that your team is ready to actively participate in and contribute to a business planning discussion:

Ask everyone to write down his or her personal objectives and goals for the year

A business is made up of people and every person operates within their own set of circumstances. Therefore everyone has his or her own personal aspirations and desires and these should be considered in the process of coming up with business goals and objectives. This may seem like a soft, meaningless process – the ambitious business owner may say that they don't care what other people want to do with their lives, but it is about making the business successful. Two things happen when you get people to think about their personal aspirations prior to the session, firstly they begin to develop a future orientated mindset, a mindset that is focused and excited about the future. Secondly, they begin to think about how their personal aspirations may link with the business's future plans. Thirdly, as you get them to share some of their personal goals with the group at the start of the session, you will be blown away by how some of them want to reach for the stars and in the process really make a meaningful contribution to the business.

Gather information on past performance

There is nothing worse than sitting in a business planning session and getting into an involved discussion about “why the second quarter sales were so poor” and not having the data and information handy to provide insight into your discussion. Assign a few people in the management team the task of gathering

and summarising information about the performance of the business – try to get concise summaries of all aspects of performance – financial results, customer satisfaction, process efficiency, product quality and employee performance and morale (see November 2007 issue of Entrepreneur magazine for an article on performance measurement in all these areas).

Gather information on future opportunities and threats

In a strategy discussion, information is power. Therefore you want to have as much information as possible on future opportunities that may be discussed in the planning session. Create small task teams of two to three people to do some background research on new markets, new products, new service lines and competitors. Get each task team to prepare a concise, one-page report on their key findings in respect of each opportunity that they have been asked to research and to back the one pager up with more detailed information where necessary.

Phase 2: Interaction

The interaction is a conversation among managers about the future direction of the business. This conversation can be guided by a set of well considered questions. I like to think of the interaction as a funnel – it starts wide with many diverse viewpoints and perspectives and ends narrow with specific, measurable goals and assigned tasks. It is important to provide enough time to allow this to be a real, engaging conversation and not just a one-way information dump. It is also important to have enough time to get right through the funnel and to end the session with specific goals and assigned tasks. If you end midway, the entire process will have been a waste of time.

It's useful to begin the business planning discussion by allowing everyone to share his or her personal goals and objectives for the year ahead. This is a great way for the group to connect; it puts everyone in a future orientated mindset and acts as an icebreaker for what is to follow.

There is no one set of perfect questions to guide a group through a business planning discussion; the questions for a particular discussion need to link to unique elements of the business such as business maturity, industry challenges and organisational factors. There is, however, a broad set of questions that can help guide a group through the business planning funnel. Here are some examples of questions that you may consider in facilitating a business planning discussion:

Broad business purpose: Why do we exist?

- Whom do we serve?
- What value do we deliver?
- Why do we matter?
- What is our ultimate goal?

Industry context: What is happening in our industry?

- What are the industry's strengths and weaknesses?
- What key trends are affecting the industry?
- What threats and opportunities are linked to the trends affecting the industry?
- How are supplier and customer relationships likely to change in the next two years?

Organisational Context: Perform A Swot Analysis On Your Organisation

- How has the organisation performed over the past year – what are the strengths and the weaknesses? Refer to reports on performance that were prepared prior to the session.
- What are the specific opportunities in the year ahead? How should we respond to those opportunities? Refer to research that may have been done prior to the discussion.
- What are the threats in the year ahead? How should we deal with these threats? Refer to research that may have been done prior to the discussion.

Business success recipe: How will the business create and capture value in the medium term?

- What markets are we focusing on in the year ahead?
- How are we different? Are we the lowest cost provider, do we have the best customer relationships, or do we provide the most innovative products or service?
- How can we be stronger/better at our point of differentiation in the year ahead?
- What are we not going to do in the year ahead?

Business goals, plans & assigned tasks: What must we do and how will we make it happen?

- What are our specific three-year goals?
- What are our specific one-year goals?
- What needs to happen in the next 30 days to begin achieving these goals
- Who is responsible for each of the assigned tasks?

Phase 3: Output

Without meaningful output, a business planning process will be remembered more for the snacks or the post-discussion drinks than for the content of the actual discussion. Turning the content from the discussion into meaningful output is critical to getting value from the interaction. Here are the key things that you should do after the discussion session to ensure that it translates into action:

Focus on the 1-Year Goals and 30-Day Tasks

The most important things to come out of the business planning discussion are the 1-year business goals as decided on by the management team accompanied by the 30-day tasks assigned to individual members of the team. The 1-year goals should be simple, specific and measurable. All the participants in the session should be able to explain what the goal is, why it is important and how one would know when it has been achieved. The 30-day action plan is there to create momentum and accountability from the business planning discussion. Holding people accountable to begin doing something within 30-days of the session ensures that there is immediate action, which then translates into ongoing momentum towards the business goals.

Create Something Tangible

Create a tangible one page document, poster or diagram capturing the essence of what was decided at the business planning session. This should be done as soon as possible after the session and it should be delivered to each person who was at the session within a week of the discussion. It is useful to make it

look good and laminate it so that people put it on their pin board above their desk where they can see it all day, every day. When you deliver it to people attach a small note thanking them for being at the session and reminding them of their assigned task(s) from the session.

Some the most effective output documents from business planning sessions that I have seen include:

- Cartoon drawings by a professional cartoonist depicting the main goals decided on at the business planning session.
- A wine bottle with a custom label with the main goals inscribed on the label.
- A laminated one-page A4 sheet with strategically chosen photos from the management team's white water rafting trip that depict each of the business goals for the year ahead with the business goal embedded in the photo.

Follow Up

Following up on what people have been assigned to do in the business planning discussion is absolutely crucial. If you have assigned tasks to be completed in 30 days then check in with each person after 15-20 days to see how they are doing and if they need any additional assistance in getting their task done in time. Then schedule a discussion with each person after 30 days to get feedback on the completion of his or her assigned task and to discuss the next phase in the process of working toward the stipulated goals. Continue your follow-ups and discussions with individuals from the management team on a monthly or bi-monthly basis and plan for the entire team to reconvene on a quarterly or six-monthly basis.

There is no doubt that the process of business planning takes time and effort but it creates massive amounts of leverage to achieve business goals that would otherwise have been considered impossible. Business planning is not a document, or a once-off discussion or a weekend away. It is an ongoing, deliberate and focused effort over an extended period of time that enables alignment of people's thinking and action within a business organisation to ensure that the whole is much greater than the sum of the parts.

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