Planning Doesn't Stop at the Top

It's no wonder employees don't take to heart the visions of corporate planners.

By JAAP P. LEEMHUIS and JOHN P. ECKBLAD

The grand vision presented by corporate planners rarely stays long with midlevel managers. They think tomorrow's big picture touches neither their day-to-day work nor their current personal concerns. They sit through quarterly corporate prognoses, assuming action is top management's domain.

Corporate planning's effectiveness, however, depends on every employee's commitment to behavior consistent with corporate projections and goals. Decision makers at all levels must be energized into action if corporate plans will succeed.

The first rule to remember for effective planning is that it cannot replace management. Key decisions about mission, policies, objectives and strategies must sit with top managers, not planners. The guiding decisions should be based on possible developments and analyses, but these projections should not replace, mask or otherwise upstage the derived perceptions of the top managers. They are the ones held ultimately responsible for business performance.

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Successful planning supports decision makers by providing them with imaginative and logical explorations of the future and methods for debating possibilities. It facilitates rather than interferes with decision making. Imagination and logic do not dictate the outcome; feelings, founded in experience and personal energy, that result from commitment and accountability, have impact, too. The best option is one backed by both the logic and commitment of the decision makers.

People of varied levels serve as the decision makers, depending on the level of action needed. At the early point in planning, top-management decisions are needed to determine strategies. Later, during plan execution, the decision-making role shifts to lower levels, to the people responsible for making particular parts of the corporate plan happen. This process of locking in energy at every level of the organization is essential.

At the strategic level

Planning's role in strategy is to improve decision making by sharpening the organization's approach to taking risks. All policy decisions rest on the uncertain future; therefore, every policy made today is at risk tomorrow. The job of planning is to help minimize risk and improve the organization's ability to react effectively to future events.

Scenarios are an important part of strategic planning. A scenario is, somewhat unexpectedly, the opposite of a plan. It is, instead, a description of a possible future. Within a scenario, participants explore social, political, economic and technological developments in relation to the business environment. A scenario is not a forecast, but rather a description of what could happen, based on what has happened. It is a description of possible worlds in which policy decisions are played out and their objectives are pursued.

The future is most easily approached in time chunks: 5-year periods are examined in cyclical scenarios, 10- to 15-year periods in archetype scenarios, longer periods in exploratory scenarios.[1] Help for top management in deciding objectives and strategies is based on archetype scenarios.

A planner must prepare several strategic options as a foundation for strategic decision making. Various options proposed might be to divest, rationalize, cut price, make short-term deals or enter into long-term contracts. Then the planner and top manager calculate the result of each strategic option within different scenarios, choosing whatever criteria management proposes.

The planner's next step is to ask those people most familiar with the particular business to identify the key variables of their business and to quantify those variables for each scenario. For example, if a scenario describes a possible exchange-rate development, the key variable concept identifies the impact of an exchange-rate fluctuation of X percent on a business objective. Possible income then is described as a function of business performance. The result is a range of income expectations that can be compared with the strategists' income requirements to reveal a broad measure of risks and rewards.

Top management now can review the various strategies against the same background of uncertainty; they can compare risk and reward profiles and select their preferred strategy. But strategy is one thing and implementation is another. The process so far has involved only strategists and executives; it's now time to include the rest of the organization.

Moving down the ladder

Leaders tend to develop an organization in their own images. They recruit look-alikes and think-alikes. This process of replication, not always performed consciously, is not necessarily effective in building a successful work force. Employing look- and think-alikes can be especially problematic if the future looks decidedly unlike the past. Can the achievers of the present effectively host upcoming events?

Moving an organization successfully and most efficiently through the future requires planned change. Readiness for change is essential, increasingly so the further down the organizational ladder you go.

It's important to remember the tendency for people lower in the organization to be more concerned—and rightly so—with the present than with the future.

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Whatever is done to increase readiness for change must not interfere with or undermine current performance. Employees must be called upon to help determine the correct balance of change preparation and continuance of their current work approaches. Such a balance is an individual experience and will be different for different people.

Without being sure about business developments, a number of organizations already are involving employees in making choices about their career development. These organizations may not have well-developed ideas about their futures, but they realize that their future business most likely will be different from today's. Once they accepted this uncertainty, they reexamined principles of their organizational cultures. One such principle is "the loyalty contract" in which employees pledge allegiance to their companies in return for community status, interesting work and the possibility of promotion. Companies often can't guarantee that they will be able to fulfill their end of this contract, yet they continue to need the energy and commitment of employees. To move forward, they support individuals in increasing their self-awareness, invite them to take more responsibility in guiding their own careers, and realize that some could leave the organization. In return, companies can expect increased energy from those who choose to stay. These employees identify their personal interests with those of the organization.

This approach involves helping employees consider the fit between themselves and various job profiles, both inside and outside the organization. From these analyses, an individual selects particular job profiles, then enters a program of planned personal development to increase his or her ability to perform these roles. This approach can be extended by adding job profiles consistent with possible future organizational strategies.

From scenarios to scripts

There seems to be a link missing between key variable strategies and job choosing. What's needed is information about the organizations, roles and jobs required to implement strategies in specified scenarios. An organizational "script" must be written for each scenario and selected strategies. The script suggests broad types of skill and experience that might be required.

Training and experience opportunities must be developed across the whole spectrum of real and possible job profiles. The amount of time permitted individuals to train themselves for future jobs should be subject to agreed limits. The balance between preparation for real and possible futures should be monitored both individually and organizationally. The only promise made to individuals entering the future talent pool is that they're told why they're not chosen if a possible job becomes reality. The potential payoff for the organization is an early preparation of attitudes, skills and commitments for its eventual future.

Reference

1. Leemhuis, J.P. (1983, April). *From scenarios to strategy*. Paper presented at the ESOMAR conference, San Francisco.