

Business Planning in Times of Uncertainty

By John Baker

Dwight Eisenhower, when contemplating the Herculean effort to plan for Operation Overlord (the code name for the invasion of Normandy and northwest Europe during WWII) said, “Plans are nothing. Planning is everything.” His considered view was that while both are necessary, plans by their very nature are nothing but static documents yet planning is a responsive and dynamic action that brings focus to uncertainty.

Consider a pilot flying a 747 from Los Angeles to Japan. The plan is to land at the Narita International airport. Once airborne though, unexpected winds, other aircraft traffic, mid-ocean storms, even solar flare activity affect and alter the airplane’s course. Unmanaged, the pilot would just as likely land the plane in Seoul rather than in Tokyo. The flight plan sets an initial course and a final destination, but the process of planning ensures that the pilot takes the appropriate corrective action to get the airplane where it needs to go.

In business, planning is just as vital, especially when things are rapidly changing and the economy seems to be in constant flux. With the market in miserable shape and so much uncertainty in the air, many business leaders forego the discipline of establishing a business plan under the assumption that it is a waste of time. This is a mistake. The most essential reason to write a business plan isn’t to set a course of action, but to provide a management tool to use in the present, as well as the future.

Business planning is fraught with misconceptions; the biggest is assuming that the planning process needs to be complicated and burdensome. A sound business plan only needs to address four questions:

1. **Where are we?** The plan should clearly define the financial, environmental and market realities facing the business. This should not be addressed in the overly technical language of an MBA, but rather with straightforward words that uncompromisingly define the business’ health and competitive position. It is imperative that the plan has its foundation in what is real, not something once assumed or “hoped for.” Someone reading this section of the plan should, with clarity, understand the strengths and weaknesses of the business, and have a sense of the company’s potential given the current reality. *Hint: The best way to lose any enthusiasm in your business plan is to make this section a complex, statistical death by numbers dissertation. Readers care nothing about your plunging ROI, but care intensely about what that means to your business. Use only those financial matrices – pick three to five – that truly explain how your business is performing.*
2. **Where are we going?** The plan should spell out the intentions for the business in the coming years; what does the organization want to accomplish? This section of the plan is a statement of business aspiration, balanced by the reality set forth in section one of the plan. This creates a reasonable prediction of the momentum

needed to achieve the business' future goals. It is folly, for example, to state an aspiration that is no more than a pipe dream. Blind hope is an irresponsible strategy; aspirations need to be tied to reality. This section of the plan allows the reader to understand the potential of the business in three ways:

- Financially: Why should one invest in us?
- Externally: Why should clients and prospects do businesses with us?
- Internally: Why should employees work here?

Hint: Abstract vision statements are as credible as Britney Spears speaking at a parenting conference. The best plans are insightful because they balance bold market aspirations with commonsense business acumen.

3. **How will we get there?** The plan should set forth the imperatives of the business; the tasks that are absolutely non-negotiable in terms of achieving success. By definition, this section not only defines a critical path for the business, but it also identifies the important, but non-essential objectives. By doing this, leaders define where they are willing to fail in order to secure the critical path. The plan sets a context for decision making around competing goals – for example, delaying an important product launch in order to ensure an imperative goal of achieving bottom line results. After reading this section of the plan, the reader should know not only what keeps the leaders of the business up at night (i.e. achieving their imperatives), but also what lengths they are willing to go to for a good night's sleep.

Hint: Want to break down organizational silos? Make sure each employee knows where his or her job fits within the critical path outlined in this section. If not, he or she is not fully a part of the team.

4. **Are we on track?** The plan needs to define what success looks like and how it is measured. The plan should clearly define who is accountable for which measure, when measurements will be taken (i.e. monthly, quarterly, etc.) and the corrective actions to be taken in the event of a deviation from plan. A sure way to add frustration into your life is to create a business plan that sits on the shelf unopened, with an expiration date of one year. The best business plans are evergreen; they are constantly referenced and regularly amended. You should understand how success is defined and measured.

Hint: This section should flow directly into the formulation of team and individual goal documents. It provides a uniform template that ensures everyone has goals and measures aligned to organizational vitality.

During uncertain times, key business constituencies – clients, prospects, shareholders, and employees – need to receive heightened levels of information. The business plan provides an excellent communication tool. It sets forth a clear path of action that can be

referred to – almost as a company’s Rosetta Stone – in unclear circumstances. This, in turn, generates comfort and confidence in the business, its leaders and the planning that has been engaged in.

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