

The Planning Dilemma

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*Can one plan in the midst of chaos or is it better to go with the flow? How practical can planning be when so many changing factors impinge upon us? Is there a single way to approach planning or variable methods by which it might be undertaken? These questions go to the heart of managing a business and in this article **Sarina Sorrenti** addresses them with a sense of conviction and a wealth of experience.*

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Some people take a winding pathway through life: others take the most direct route. I noticed this when I went to my high school reunion last year. Looking back, I realized that the only thing I had in common with these other people was demographics. The variation of our lives over a twenty-year time frame was glaringly apparent. Many had taken the path of parenthood and had nestled comfortably in their home town. Others had lived abroad and developed innovative careers in sport or business. Many were still finding themselves. This revisiting of my past caused me to reflect on why it is that we evolve and develop into different people and take different approaches in life.

Our life purpose, objectives and strategies can be quite overt and explicit or subliminal and undetectable by the naked eye. Everything has a lifecycle. There is a beginning, transition and ending in everything we do. This includes our relationships, careers, businesses, health, pet projects and yet it is not uncommon to act as if things will last forever. I like to use life as a metaphor for business and business as a metaphor for life, particularly given that so many people spend the majority of their living time working. I would like to explore the different approaches we can take in directing our lives and businesses or allowing lives and businesses to direct us. How do we consciously or unconsciously direct our lives and businesses and how do we know if we are reaching our preferred destination?

Growing up in a small town on a market gardening farm, I learnt very quickly that there are some things you can plan and believe that you can control and others that you can't. The multiple sources of income generated by my parents were contingency plans put into action. When there was a bad season with the tomatoes, we relied on the cattle. When there was an over supply of cattle, the strawberries pulled us through. My parents didn't have a documented strategic plan with revenue targets, growth strategies, contingencies or marketing tactics. They practiced trial and error approaches to developing a business and used perseverance as their main competitive advantage.

There are many management books that espouse the theories and benefits of strategy and planning. In my own experience I have been involved in sophisticated strategic

plans including scenario plans that focus twenty years out, down to simple one page plans that have literally been written on the back of a serviette.

Many SMEs do not have any written strategies, while others have detailed strategies that are hidden in dust-gathering filing cabinets. Too many businesses see the act of writing a business strategy and plan as an end in itself, rather than a living process that is adapted as the market evolves.

The word *strategy* has been over-used and even misused, particularly in a business context. One of my business partners once worked with an American colleague who persistently over-used the term. The catch cry in the organization was “What’s your strategy?” espoused in a heavy American drawl.

The notion of strategy stems from military language to describe the actions and tactics one would require to win a particular battle. Since then it has evolved quite considerably to include the following definitions:

“Strategy refers to both means and ends... (It) can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals”. Robbins & Barnwell, *Organization Theory*.

Or “strategy is a driver of direction and action...It is about the long term”. Hubbard, Samuel, Heap and Cocks, *The First XI – Winning Organizations in Australia*.

Contemporary Strategy experts such as Henry Mintzberg and Michael Porter have provided a pallette of planning techniques that have supported businesses of all sizes globally. Strategies can be developed in advance, in the form of plans, or they can evolve over time as a stream of significant decisions, reacting to unplanned opportunities. In many businesses, the words *strategy* and *planning* are used interchangeably. Many other words and terms such as *goals*, *mission*, *vision*, *purpose*, *key result area*, *targets* are used in the plethora of vocabulary that describes the act of thinking and espousing the what, where and how of business and also of life. Fundamentally, strategy and planning can help us consciously comprehend what business are we in, where are we going and how are we going to get there. One of the assumptions about strategy and planning is that this activity can be the most efficient and effective manner of achieving a competitive advantage and then reaching a desired destination.

I have worked with organizations that got caught up with perfecting the vocabulary of strategy and planning. Some individuals insist on using the term *goal* rather than *objective*: others cannot cope with the term *outcome* instead of *target*. Some of the reasons that contribute to individuals holding onto their preferred language are comfort, habits, assumptions and beliefs. The language we used is very important, not so much because there is a right or wrong word but because the organization needs to have an agreed name for an activity and an agreed meaning for the word used.

In the company in which I am currently engaged, we have a one page plan with objectives (what we want to achieve), strategies (how we will achieve the objectives) and targets (outcomes within a time frame), which provide us with a planning framework that guides our business practice. Our plan has a progress column to record progress and changes in the market. Our original business plan, which was developed at the inception of the business, has more detail and became a repository for our assumptions, hopes and wishes. It guided our business behaviour at a very high level and kept open the specific detail to enable us to evolve and grow the business. Our current plan provides us with high level goals and outcomes and still allows the space for the detail to evolve. Supporting our simple planning process, we have a white board planning tool. This helps us in setting monthly priorities. At its centre it has a large circle designated *New Ideas*. This enables us to keep our strategic window open.

Many SMEs could be using the evolutionary approach to strategy development at an unconscious level. As business practitioners, should we be conscious of our purpose and long term direction or should we just focus on the here and now and enjoy the moment? At times I wonder whether there is a conspiracy by the big-picture thinkers in our community to keep us distracted by the future rather than absorbed in the present.

Of course as in most cases the answer is not *either/or* but *and*. Having a good grip on reality and knowing what you want to achieve can be a winning combination. But this is challenging and at times businesses and individuals seem to lack clarity.

I have written down yearly life goals since I was twenty years old. I usually develop up to ten broad ranging outcomes that I want to achieve in the next twelve months. These can include outcomes on career, travel, fitness, hobbies, study etc. I confess that I was once a *planaholic*. There was a time when spontaneity was a planned activity. Yes, I know what you are thinking: "I have rattled off a number of personal mission statements throughout my lifetime too". I loved to take control of my destiny and make things happen. I was a control freak and desperately wanted to be leading my own life rather than be led by others. However, as we all realize, there are some things you can't control and cannot make happen. There are some things you do not want to control and the adrenalin burst you feel when things are uncertain can also be addictive. My exploration of chaos theory liberated my fear of needing to control everything around me.

Chaos theory holds that order can be found in disorder. When we view a subject from one perspective, we may see it as random, disordered and out of control. When taking a broader view of the subject however, one may begin to see certain patterns that actually reinforce desired outcomes. Let's use a child's temper tantrum as an example. Observing a child's temper tantrum in isolation, one could assume that the child is out of control and engaging in random acts of displeasure. If one could take a broader view, one might see that there are certain predictable behaviours that stimulate a temper tantrum and some behaviours that then reinforce a temper tantrum. For example a child that is over-tired and in a strange environment, may use a temper tantrum to inform their parents that they have had enough. If the parents react by taking the child home, one could then predict that the random tantrum is reinforced and is likely to recur. The share market is another example of what seems to be a

chaotic system, which looks, to the normal eye, unpredictable and disordered. But experienced, emotionally mature share traders, who use techniques such as charting and technical analysis, see reoccurring patterns and can predict behaviour.

As James Gleick describes in his book *Nature's Chaos*: "The essence of the earth's beauty lies in disorder, a peculiarly patterned disorder, from the fierce tumult of rushing water to the tangled filigrees of unbridled vegetation".

Our need to simplify nature and life and to compartmentalize it into linear ordered structures is a learned rather than an innate need. The winding river and flocks of birds have a natural self adapting and ordering process that takes place whatever we do.

Gleick points out that our perception of nature can be distorted but that with a readjustment of our perspective we can understand and appreciate reoccurring patterns in life all around us. Thanks to Gleick and thinkers like Margaret Wheatley and Myron Kellner-Rogers I was able to realise that the things that I love most in the world do not need to be controlled. They will simply find their own order in time and space.

Last year, I deliberately decided to conduct an experiment with myself and refrained from setting any life goals. It was a strange year. I found myself travelling down pathways and through experiences that were new to me. I discovered more about myself; things I had ignored previously, things I had taken for granted, things which I held as truths or absolutes but which in fact were not. There awakened with me several dormant passions that might well have remained dormant if I had set myself goals. Aspects in my life that I wanted to happen didn't, and I was reminded that not everything in life is within our control, no matter how much we might want them.

My life strategy has evolved over time from unconscious to conscious and planned to evolving. I did set goals this year, fewer than in previous years and some with no more definition than the shape of a question mark. But I have come to understand that it is useful for a reforming *planaholic* to remain as open as possible to opportunities.

Strategy development in business can range from structured and detailed to open, flexible. One can have varying degree of commitment to strategies, the continuum of moving from "if you fail to plan, you plan to fail" through to "strategy is a waste of time; things change too quickly". The organizations created by SME owners tend to be a reflection of personal values, preferences, beliefs and habits. The drive to develop an SME may be based on the need for autonomy and independence. On the other hand, some SME owners may inadvertently design a new prison which locks them into stress filled environments, long hours and false freedoms.

One of the SME clients I have coached has seen his own business grow for close to ten years. When asked how the business was fulfilling his life and personal goals, he admitted that working six to seven days a week, prevents him from spending time with his children, wife and from spending time alone. He said he would love to work four days a week but then indicated that he believed this could never happen. In this situation we have a bright, capable business owner who had a clear goal but was not ready to set a strategy to change his behaviour and practices to get there. It took at

least three more years until he was willing to work at developing a plan to keep growing the business and allow him the lifestyle he valued. The business has since implemented strategies and actions, including the hiring of additional managers to supervise and run the day to day business. These strategies have freed up more of his time and constitute an example of how a carefully prepared plan can get one to a preferred destination.

Many SME owners use the *martyr syndrome* as a justification for not developing innovative strategies to better their business and their lifestyles.

One of my dearest friends is characterized by her openness to life. She is great to be with and anything can happen when one spends time with her. Some people may view her openness as unfocused and lacking in direction while others may see it as opportunistic and spontaneous. The art of knowing when such behaviour is unfocused and when it is opportunistic presents an interesting challenge to all of us.

Scenario Planning is a form of planning that acknowledges that one cannot control or predict the future but one can yet influence the development of a preferred future. Scenario Planning becomes an excellent tool if one wants to avoid being a victim of the future. This planning tool forces one to look out and expand the mental models used to see the world and helps to bring some order and focus to possible futures. It forces the individual to use imagination and to explore what does not feel comfortable. It allows one to view opportunities and threats might previously have been ignored.

As Peter Schwartz In his book, *The Art of the Long View*, Peter Schwartz writes: "Using scenarios is rehearsing the future. You run through the simulated events as if you were already living them. You train yourself to recognise which drama is unfolding. That helps you avoid unpleasant surprises, and know how to act".

Scenario planning emerged following World War II, as a method for planning possible military strategies. In the 1960s, people like Herman Kahn became recognised as top futurists predicting possible futures in growth and prosperity. In the 1970s, one of the most famous scenario planning successes was facilitated by Pierre Wack at Royal Dutch Shell. During that decade, Royal Dutch Shell developed a new department called Group Planning, part of the charter for which was the development of possible scenarios around oil prices and an anticipated energy crisis. The 1973 Yom Kippur War in the middle east was foreseen by Royal Dutch Shell and they were able to respond more rapidly than other oil companies to improve their market share significantly. Since that initial usage, scenario planning has been used in public and private sector enterprises globally.

The organizations in which I have supported the application of scenario plans were particularly curious about potential technological impacts on their preferred futures. As we have all experienced, a new technology can make a product obsolete overnight. Remember the typewriter, cassette tape and vinyl LP records?

Scenario planning for SMEs can be as simple as thinking about and being conscious of what are three or four possible future outcomes of the business over the next ten or so years. When my partners and I formed our business, we came up with multiple

scenarios. These included: developing a viable, successful asset with strong intellectual capital and customer base that could be purchased by external buyers; developing a hobby business that provides a small source of income; developing a business where all partners could work and apply their preferred and natural talents; and creating a business that may not be viable. This was in the late Nineties when dot com organizations, venture capital funding and business angels were all in fashion. As with many other SMEs, we do not have these scenarios written down with extensive analysis and data supporting them. The process of thinking, talking and acting on the scenarios has evolved. The probability of the business not being successful was a real consideration and we managed that risk with a very conservative approach to investment. We developed multiple sources of income as an important contingency to support the management of the foreseen risks.

Many SMEs do not consider the option of businesses not working or recognize that a business has a lifecycle. It is disheartening to see individuals persevering in a business that isn't viable. Rather than see them burn themselves out, one wishes they could be encouraged to redirect their energy and commitment into a field more likely to lead to their prosperity.

Strategy and planning can be a useful tool not only for knowing where one wants to take a business, but also to recognize when a business is, to all intents and purposes, defunct. From a personal life perspective, strategy and planning can also signal the time for new phases in one's personal life to end and others to emerge.

Everything has a lifecycle and within that lifecycle there are many seasons which come and go. Sometimes we do not have to force things; they will evolve as the seasons evolve. Sometimes, pointing our lives and businesses to the sun may allow us to enjoy the fruits of the season for an extended time.

In business and in life there will always be highs and lows. Remembering to savour the highs and learning that the lows do not last forever is an important ingredient for life and business prosperity.

As a reformed *planaholic* might say: "God give us the grace to accept with serenity the things that cannot be changed, courage to change the things which should be changed, and the wisdom to distinguish the one from the other".