

# The Seven Rules of Planning

by Bruce Hodes

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# What are You Planning?

It always shocks me how many businesses do not formally plan. Recently, at a conference, I asked a group of CEOs, “Who plans on an annual basis?” Only a quarter of them raised their hands. I was shocked. In addition, when pressed on why they did not plan they said they were too busy fighting fires to have time for that.

They then complained about low growth, no profits and blamed the economy for their problems. I felt better at that point with their clearly powerful and insightful analysis. Clearly they were Dunderheads. These CEOs did not make the connection that planning helps you deal with the economy and the issues that challenge your business. I am getting my pointed stick dipped in organic monkey dung to deal with these guys. It is organic dung because they are CEOs after all.

It is true. Many small- to mid-sized companies do not plan formally, just as many adults do not exercise. Yet we know exercise is good for you. It helps you live an improved quality of life. Routine exercise allows your body to maintain its health and vitality. Strategic breakthrough business guessing/planning works for businesses in much the same way as exercise does for the individual. It does not guarantee health, but exercise certainly dramatically increases the likelihood of having it.

## Your Company has a Future, Right?

In my thirty years of conducting planning processes, I have never seen a healthy company maintain long-term growth without ongoing planning. Planning is about growing and improving your company. At best, when you don't plan you get maintenance of the status quo. At worst, you ignore problems and challenges that significantly damage or destroy your organization.

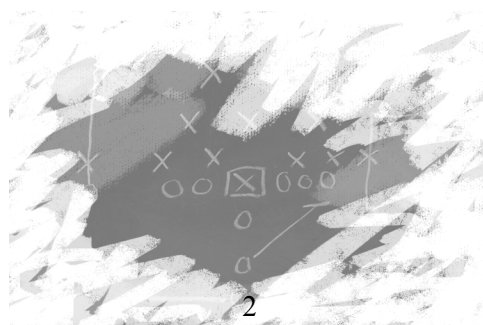
The time has come to present a streamlined list of CMI's most critical rules for planning. There are only 120 of them. As you can see, we have really pared them down. So, music please! What? OK! OK! Simmer down! Take it easy! (You get overwhelmed *so* easily.) We will go with just seven rules for successful strategic guessing/planning. Is *that* better?

## Rule Number One

The first rule is “*always pick the right team for planning.*” This poses the question of who should be part of the planning team. This is an important question. It is important that planning team members are people who are committed to, and can add value to the conversation about the growth of the company.

The only exception is if there is a key employee or manager you want to develop. If you want them to better understand the strategic issues facing the company, then it might make sense for them to be a part of the process.

In addition you can have members of the planning team who are outside of the leadership group. These could be sales people and other key employees. It is important that you vet them and ensure that they are of the quality and stature that is required for being a part of the planning group. It is also important that they are all getting their jobs done and are employees of stellar standing within the company.



## Good Team, Bad Team

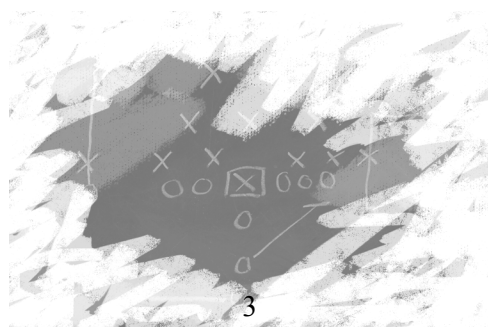
A number of times over the years I have seen the wrong leaders and key employees involved in planning and their participation actually hurt the effort. Pray give us an example you ask? Ok, well there was Jason who in the middle of the year abruptly left the company.

After an investigation it became apparent that Jason was not returning customer's calls. In fact, lots of work around Jason's customers was not getting done. Yet we spent a lot of time in planning on improving customer service. Jason had actually taken on being a Champion in and working on improving customer service. Then we got to see what he was actually doing—talk about a buzz killer. It was enough to make me want to use that aforementioned pointed stick.

How did this happen? What allowed Jason to be on the team that was led to this dark place? Clearly there was a lack of supervision. His manager was not providing oversight. What was really going on you ask? This could be the subject for an article or book and that is for another time.

Then there was an HR manager at a manufacturing plant who took employees into her office and gossiped about managers. A number of times she would run out of the planning session crying. Again a buzz killer. Then she left. Thank GOD and music please!

After her departure, the CEO added Lucinda to the team. She was young, energetic, knowledgeable and clearly had a vision of what the company could be. Her role was completely different than the first HR manager. Lucinda's addition to the planning team was constructive and positive.



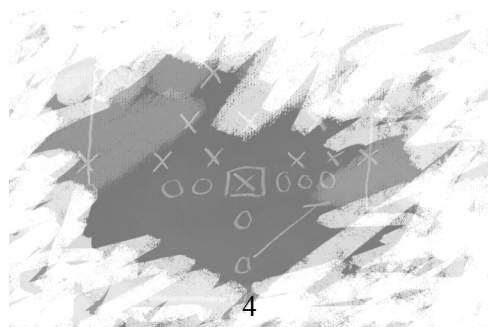
So, the message here is pick wisely and selectively. Members of the planning team must be able to maintain complete confidentiality and be fully engaged in the growth and well being of the company. Select the employees who are passionate about growing the company, developing an extraordinary organization and being the CEO's partner in accomplishing those things. Don't have people be part of the planning process only because of their position or accept mediocrity .

## Rule Number Two

The second golden rule of planning is to, *“make sure the design of the planning is one that will get you a good result.* I am not a believer of leadership teams locking themselves in a room at a resort for two to three days. This type of planning may be sprinkled with some golfing, gambling or other type of “fun” stuff. From this design, a strategic plan is supposedly born and created.

The problem with this design is that it curtails critical thinking. This process begins to smell of “plan in binder” syndrome. Poke me in the eye with a hot stick. If you do all your planning during one session you risk just doing more of what you are doing in the present. There is no opportunity for research or involving others within the organization who are not at the planning session.

Here is what to do. The process should take place over two to three months and take three to four days. It is predicated on white papers and dialogue. Listening and understanding are critical. Better research ensures better debate and thinking. “What is a white paper?” you ask hysterically. “Hang tough,” I say. That is covered in rule five.



## Rule Number Three

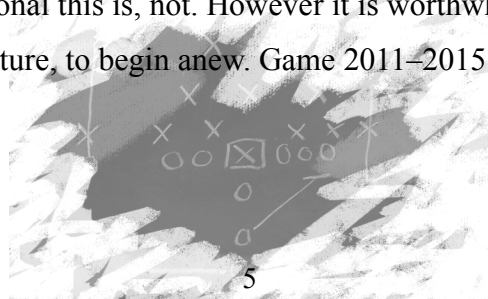
For the third amazing rule, it is important that you complete the previous year. For 2011, a powerful completion processes will allow you to put 2010 behind you. This is important for the organization to distinguish that indeed there was a 2010 and what happened during that year.

At the very first session of the planning process, the past goes into the past. How we typically do this is that information about 2010 goes up on flip charts. The group puts items into a number of categories such as “breakdowns for the year, breakthroughs, fiascos, disappointments, accomplishments,” and the like.

## Good Bye Last Year

One of the great aspects of this exercise is that employees get to review all the work that got done during the past 12 months. It also brings completion to the year. One season completes and the next season opens up. I love this metaphor. Excuse me while I get a little weepy. What aspects of 2010 are we talking into 2011? What aspects are we leaving behind ? It’s all included on the flip charts.

As a grand finale, participants stand up and say farewell to 2010. Tears flow, not. Hugs and sobbing ensues, not. The planning team then greets 2011 with cheers, hand-clapping, hurrahs and gales of laughter. Very emotional this is, not. However it is worthwhile and useful. Now everyone sits ready for the future, to begin anew. Game 2011–2015 on.



## Rule Number Four

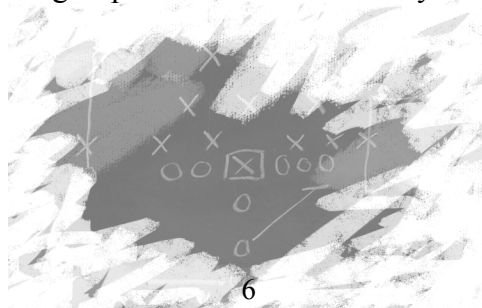
By far my favorite rule is *el grandote numero quarto*. Start big by creating a vision of the future of the company. Then narrow the focus as you get back to present and address what to do immediately and how to implement.

Establish where you want to be in the next five years. As the Bible says, “*without vision the people perish*” The Bible does not say that you have got to attain the vision. It is saying that people need one to live into. This is critical. When you have a vision you are creating a future for the company that the employees can live into and fulfill on.

It is important that the breakthrough guessing/planning process allows for dreaming, visioning and looking at what is needed for a bright future to be realized. Typically we do this by asking the group to go three to five years into the future and recording the results on a flip chart.

## Key Questions About the Future

The following questions need to be asked to arrive at a future vision. If you were already standing in 2015, what would the world look like? What are the important trends affecting your industry? What is your industry dealing with and what does it look like? Once a futuristic scenario has been developed, the group then looks at what they would like the organization’s image to be.



The planning team then asks what customers are saying about the organization. Why are customers loyal in 2015? What goods, services and new products have you brought forth? The team speculates on how big the organization is and how many employees are there.

This part of planning can be used to run growth scenarios. Have at least one for aggressive, medium, sluggish and no growth. Play with the numbers and have some fun with what could be. The planning team should get familiar with the possible territories and futures.

## Rule Number Five

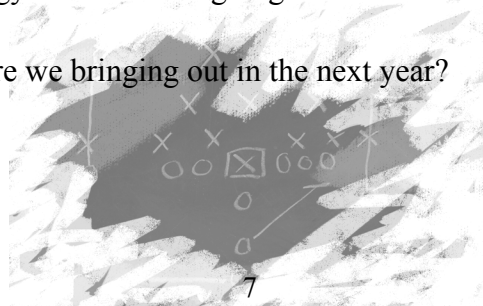
The incredible rule number five is facing the brutal facts that confront your company. This is a distinction that is given to us by Jim Collins in his book *Good to Great*. It means honestly confront the issues that confront your organization and truly dealing with them. Do not deny them or sugar coat them. Deal with them in an intelligent way.

## Facing the Critical Issues

Your planning team can do this by defining critical issues facing the growth of the company. These are issues that will be, or presently are, confronting the company.

“Examples puleeeees!” you demand. Coming right up.

- How is the organization going to transition from our old CD-ROM technology to the new “streaming” technology? How are we going to fund this transition?
- What new products are we bringing out in the next year?



- How are we going to grow 20% per year for the next three years?
- What improvement do we need to make in the plant for us to reduce costs by 10%?

Typically these types of critical issues are addressed through the writing of a white paper. “What is that?” you ask. “Good question!” I respond and if you had not brought it up I simply could not have continued to write this book, so thanks for the question.

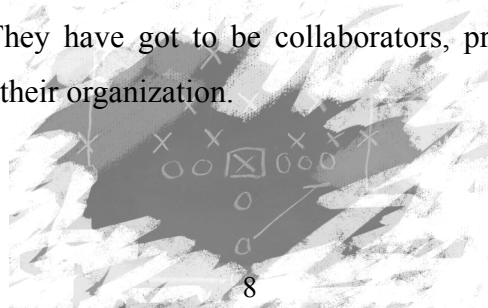
A white paper is a three- to five-page paper that addresses the critical issue. It is written between planning sessions by the members of the leadership group that are best suited to address the problem. This group can also have members outside of the planning team who have useful knowledge and thinking to contribute .

The paper should deal directly with the issues. It is, with research and analysis, the “answer” submitted by the group. The entire planning team will read the paper prior to the subsequent session and then debate it during the session. Problem solving ensues. Everyone is invited to bring their feedback, questions and concerns to the next session. This is where the critical issues are dealt with and a direction is hammered out.

## Rule Number Six

*El fantastico numero sies* is that the planning group has to be able to actually work and create together. For good productive work to be done, there can be no pretense here. The group has to be able to implement the plan. They have to perform together.

This has to be much more than “plays well in the sandbox” kind of behavior. The planning group needs to be creative, generative and able to move quickly to implement change. They have got to be collaborators, problem solvers and be change agents within their organization.



Implementation is the key to planning success. This is not about producing a document that is pretty and will sit on a shelf. This is about implementing actions and activities that will steer the company in a healthy and profitable direction.

Committed action is key to the success of the planning endeavor. Part of the process is to focus the leadership team on becoming a high performance team. This is done by experiential exercises and measuring for high performance team behavior.

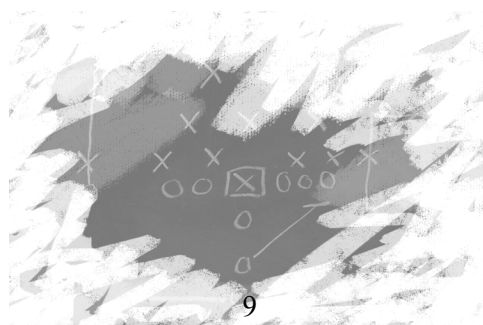
## High-Performance Teamwork

A company running with a high-performance team has many advantages over its competition. I have a particular client in mind. This company has done a remarkable job of growing in very challenging business conditions. I have seen them change marketplaces and customers.

Recently, this company had growth at 60% and they continue to hire and retain great people. Part of how they have done this is by having a fun committee and by paying attention to whether or not their people enjoy their work and being at the company.

There is trust in this planning team. People can speak their minds. This communication is taken as straight communication about the business and not taken personally. They are playing a business game of growing a great company. This team is not engaged in petty issues, nor are they interested in who gets along with and agrees with whom.

Their corporate culture is not a smelly, gossipy political environment. This type of focus gives their leadership team a great advantage when competing against other business leadership teams that are rife with gossip, mistrust and miscommunication.



## Rule Number Seven

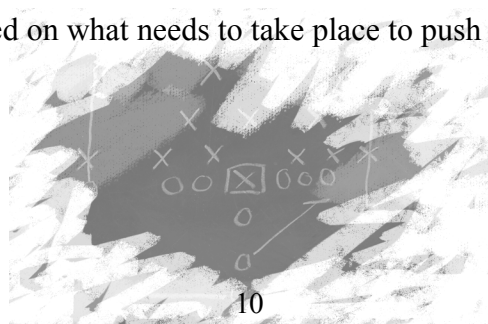
Rule number *siete* is by far the coolest. This *reglo* says, “It is critical that the team be disciplined and does the work.” Remember the saying “*garbage in, garbage out.*” It is important that the leadership team does complete work. In this endeavor it is better to do less with better quality than to do a lot with mediocrity.

## Get Out of the Fire House

Some companies have heck of a time getting out of the fire fighting stage. Some never do get out of the fire fighting stage. I have seen that sometimes members of the leadership team are addicted to fire fighting. Now that is hot. Another way of saying this is that they are addicted to the way things are and not to the way that the company could be.

To really participate in a good breakthrough planning/guessing process, the planning team has to take time and give it time. Real thinking and dialogue has to exist. Once you have done the plan, then you need to make sure that it is acted upon. Monthly meetings of one to three hours and spending time on objectives and action plans will ensure focus.

Then, once a quarter go off site and meet preferably with a “bald headed” coach. The “bald head” makes the coach smarter and buffer. Really. At the session review, the group will look at what happened in the quarter and then focus on what needs to happen in the next quarter. This will keep the everyone aligned on what needs to take place to push the company forward.



Well there you have it: seven rules that will support you in having a successful planning process. Put another way, it is the plan to good strategic guessing. Use or lose it. Using these rules and you will cause a bright business future. When you get to that bright business future let them know that the Brucie sent you.

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