Actionable Planning

Five keys to creating a financial planning and performance management process that provides a strategic advantage to your

An OutlookSoft White Paper

October 2002

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Actionable Planning

Five keys to creating a financial planning and performance analysis process that serves as a strategic advantage to your business.

Your company's success is predicated on making the right moves and staying competitive. And a vital component of your success is the creation and successful execution of an *actionable plan* that supports your strategic goals and drives business decisions.

An actionable plan follows a logical process that:

- Communicates core strategies and objectives to every manager
- Tracks the status of the plan's development, and gives managers immediate and ongoing access to the plan and its supporting information
- Establishes performance metrics and lets every manager track performance against the plan
- Can be quickly and readily adjusted to meet changing business conditions

Frequently, corporate planning becomes a mere exercise that fails to improve or even influence strategic efforts. That's because most companies engage in a planning process that is often random and cumbersome to implement and follow. In fact, a plan is only as flexible and innovative as the process that created it. With a poorly designed planning process, the inevitable result is a static, historical document that's seldom linked to unified strategic objectives. It's a plan that can only describe where you intended to go, rather than a live, adaptive agent for change and competitive advantage.

A plan that only describes where you intended to go when the plan was first conceived is radically different than an iterative process that ultimately leads the entire enterprise to success.

Most companies have formulated their strategic objectives. They have the data and the information systems needed to organize and analyze the data, and the staff and resources ready to pursue those objectives. So why haven't they been able to combine all these critical elements into a successful plan for action? The answer lies in both process and technology.

First, have they created a planning process that can transform a plan into tactics and actions that are in direct in support of the corporate strategy? And second, do they have the enabling technology to support that process and to clearly and easily align data, people, and strategy?

Too often companies answer both these question with a negative response. But that response needn't be the final word. Let's take a closer look at the Actionable Planning process and see why.

The Five Standards of Actionable Planning

To determine if your company possesses the process and technology to create actionable plans that support the corporation's strategic objectives, consider whether your company's planning process contains the following qualities:

1) Goals and assumptions are clearly, consistently communicated to all involved managers
2) Managers buy into and are committed to the plan
3) It is easy to keep the plan, and commitment to the plan, current and alive
4) Managers receive timely, ongoing performance feedback compared to the plan
5) The process facilitates re-forecasting and adjusting the plan

Examine each standard to see if your company is benefiting from actionable planning, or whether it's time for you to adopt a new planning process and the technology to support it.

1) Goals and assumptions are clearly, consistently communicated to all managers involved in the planning process

Effective organizational planning begins with a clear understanding of the corporation's objectives by every manager who has planning responsibility. For these plans to be meaningful and unified throughout the enterprise, managers also require consistent, accurate, and current information. No one would expect a home to be built correctly if all workgroups used different measurement units during construction and the corporate planning process is no different.

What information should ideally be communicated to every contributing manager?

- Vision and goals from senior management;
- Assumptions from peers;
- Industry data from analysts and research sources
- Industry specific benchmark data; and
- Competitive information

This "actionable" information must be readily available to everyone in the planning process, timely, relevant, and dynamically presented to avoid being set aside as static, dated or cumbersome to access. Therefore, how this information is efficiently and effectively distributed to every management team member is equally important. To ensure that your enterprise is receiving actionable information, consider the following criteria:

Clear Consistent Communications

- One-step distribution of all planning information to all involved, as well as notification that it has been distributed
- Easy and secure access to the information anytime, from anywhere, for every manager involved in the planning process

- Collaboration and bi-directional (horizontal and vertical) communication forums that manage interaction between managers should be a component of the planning process.
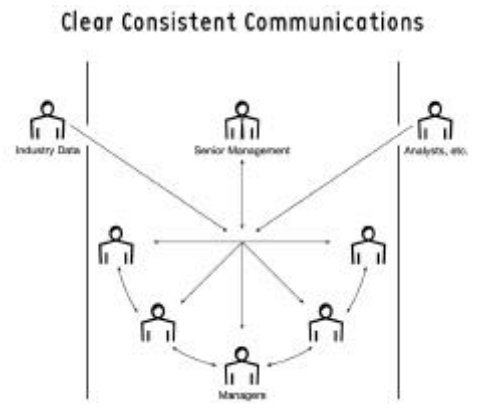
2) Managers must buy into and be committed to the plan

Another key to your plan's success is buy-in from every manager. In fact, the probability for success of an organization's plan is proportional to management's commitment to the plan. But for many organizations, building manager's commitment seems a daunting task when, in fact, establishing commitment is not as difficult as it appears. Managers will align themselves with the company plan when they feel a sense of ownership and participation. To accomplish enterprise-wide commitment to the organization's plan, consider several process characteristics:

- Involve every manager that will be responsible for the success of the plan
- Define clear ownership and accountability for each component of the company plan
- Clearly communicate strategic goals and objectives, and track changes to the plan

How can your planning process involve every manager and still be efficient and timely? The answer is a scalable*, Web-based* solution that's easy to deploy, requires minimal training, and provides a high degree of security.

Choose a fully featured application built upon a robust technology platform that provides a framework for future application needs and one that can expand as your business grows. Avoid cumbersome spreadsheet-like solutions that are inefficient for data collection and do not permit extensive data analysis.

Commitment to the Plan

To define ownership and accountability, the solution should assign cost-center ownership to each individual manager and each manager must be able to view the status of their portion of the plan at any time. Approval status for each segment of the plan should also be immediately accessible, and managers should be alerted when senior management has changed that status.
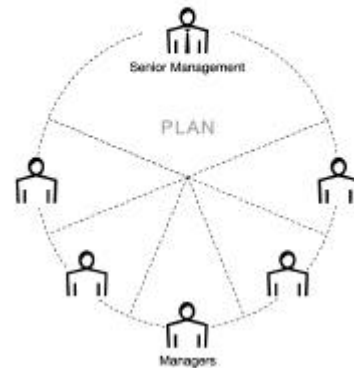
3) The plan must be easy to revise in order to maintain commitment and relevance to the organization

To remain relevant and reliable, the plan must be consistent with changes in the market and the company's competitive position. That means your planning process has to be easy and fast enough to be completed with a frequency that corresponds to the speed of change in the business landscape. Automating the planning process will keep the focus where it should be – on strategic and budgeting issues – rather than the mechanics of the process itself, as is often the case with a poorly designed process. Ease of use will result in a much higher buy-in and participation rates than forcing managers to work with a cumbersome and painful planning process.

To keep consistently commitment to the plan, your process should:

- Rely on standard, familiar tools, to model, analyze, and collect data

- ▪ Enable efficient distribution of supporting information to all managers, which will in turn reduce unnecessary meetings and ensure that everyone involved has access to the information they need to understand and support the plan.

4) Managers must receive timely, ongoing feedback comparing performance to plan objectives

Performance analysis is critical to actionable planning. During the planning process, managers need to establish performance metrics against which to measure their progress. Once the plan is completed, managers must have ready access to the plan and to performance reports - both company performance results and their own individualized results.

This type of ongoing performance analysis, however, is beyond the reach of conventional planning solutions, especially when hundreds or even thousands of users are involved in the process.

But today's web technologies, properly applied, can offer a planning solution that works for *everyone*. First, a Web-based solution will allow immediate and constant access to the plan and performance results. Although the Web may be commonly associated with unrestricted access, it also can and must be configured to allow secure access to information. But access alone is not enough.
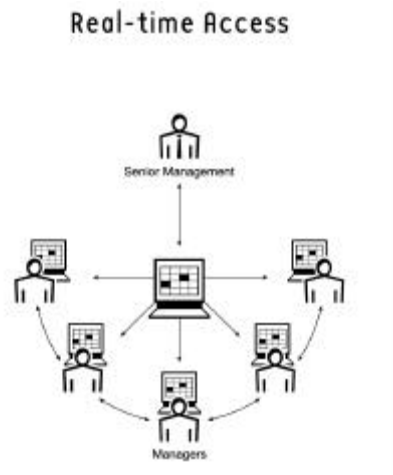
In addition to accessing information, managers need the ability to analyze that information in real-time. With this ability, organizations can benefit from the insight and understanding each manager has of his/her business unit. The perfect tool for this ability is the spreadsheet Linking a familiar spreadsheet application to a centralized planning and reporting repository lets users analyze data without being limited to the static form used in traditional planning solutions.

5) The process must make re-forecasting easy

To maintain the commitment of managers, and to adjust to the ever-changing business environment, managers must be able to re-forecast easily and quickly. This means the system must support an automated re-forecasting process, without time-consuming meetings, difficult communications and cumbersome interactions.

The vulnerability of conventional planning solutions is that they often publish re-forecasts against budgets that don't keep up with changes. This means that participants may not be using the same information – inevitably producing confusing, inaccurate results.

What features must be built into a planning solution to avoid mismatched budgets and analyses?

- ▪ Supporting documents, stored with data submissions, help to explain changes.

- On-line tracking of changes and approvals also ensure that participants will always be apprised of changes in planning dynamics.
- Finally, an enterprise must be able to obtain immediate reports comparing actual performance and re-forecasts to prevent lapses in producing timely information that captures real results.

Summary

It's clear that the old model of planning is rapidly becoming obsolete for today's rapidly-changing competitive market. An alternative to the current planning model is an Actionable Planning process that enables a dynamic, participative style of strategic management – essential to improving corporate performance. This process has key attributes that characterize a planning process that allows organizations to achieve their strategic goals and objectives. By addressing these issues through the application of new processes and technologies, organizations can transform their planning and performance management system into a competitive advantage for achieving business success.

So what's next? The technology to enable that actionable planning process is also of critical importance in enabling an effective Actionable Planning process. Find out how OutlookSoft enables actionable planning by visiting http://www.outlooksoft.com or by calling OutlookSoft at 203.964.3100.