



Louise Broekman, HR Coach Network

STAR PERFORMANCE MAXIMISING PLANNING

Planning Gap in Business

Last edition, we looked at how successful STAR Performing Businesses maximise productivity in their operation. This edition, we will closely examine how successful businesses maximise planning for their future business.

It is interesting how we talk about our roles as business owners and managers. Business owners don't often say "I manage my own business", they say "I run my own business". The key differences obviously are the words "manage" versus "run". That is because that's what we do! We run!

And this is the problem.

Current Pressure from Lack of Planning

The HR Coach Research Institute started focusing on this particular issue in 2003, when it identified that only 27% of businesses actually look for effective planning and organising from their management team. The ability to "manage the business on the run" was a higher priority than planning and implementation.

The problem has not improved for business. In December 2008, the HR Coach Research Institute compiled its first national research results from organisations participating in the STAR Workplace Program. The STAR National Report© has identified that the lack of planning is still a major issue for business owners. Evidence of this includes the low rating of 49% overall of businesses satisfaction of linking the business strategy to the activities of individuals. This level of dissatisfaction keeps business owners awake at night.

The key factors pertaining to the dissatisfaction of employers were:

1. Following up to make sure tasks are completed;
2. Efficiency of the management team;
3. Linking strategy to the actions of individuals.

It is not only that employers are dissatisfied with planning, so are employees. Employees are dissatisfied with the lack of information from employers, such as:

1. Knowing how the business is performing and future direction;
2. Efficient planning and decision making process;
3. Formal communication process.

Further information that reinforces the gap in planning is that continuous improvement programs, involvement of employees in plan setting and strategic planning are all in the top 10 improvement strategies for businesses.

Employer Confidence Suffering

The end result of this internal pressure from lack of planning is that the employer confidence is reduced. The National STAR Report© has identified that employer confidence in their business to implement their strategy is only 64% overall. Why? With lack of forecasting and planning it is difficult to navigate and manage a business with a degree of certainty and therefore confidence.

What lags behind employer confidence is employee confidence. If the employee is not confident in the employer's ability to manage a business, they will look for safer ground.

When we see research results that both employers and employees are not satisfied with how businesses are managed on a daily basis, then it needs to be addressed. The positive outcome of this however, is that the issues relating to building confidence of both the employer and employee can be planned and managed. The employers have to take the initiative and create the right environment for proactive management practice.

Strategic Action Model™ – Where are you?

Research conducted since 2004 shows that only 22% of businesses are poised internally for growth while 48% are operating in day to day "chaos" mode. Again, planning and organising is on the critical list of business shortfalls.

Below is the Strategic Action Model™ which identifies 4 key business types which identifies the business link between strategy of the business and the activities of individuals.





Quadrant 1: Strategic Action

When a business has a clear strategy and it is LINKED to what everybody does everyday – this is a business that is poised for growth. Only 22% of businesses fall into this category.

Quadrant 2: Productivity Pressure

When a business has an ineffective strategy (or none at all) and it is NOT LINKED to the activity. This is unsustainable with lost productivity, effort and profit. Unfortunately, 48% of businesses fall in this category.

Quadrant 3: Start Up

When a business has a highly thought out strategy but there is not a lot of activity occurring. 14% of businesses fall into this category.

Quadrant 4 – Exit

When a business has low strategy and low activity, it is in a high risk category. A high 16% of businesses fall into this category.

The question is where is your business today and what are your priorities?

Quadrant 1: If you are in strategic action, what are you doing to maximise the capability of your business and plan for growth? Keys to success are a key employee retention strategy and involvement in planning.

Quadrant 2: If you are under productivity pressure like 48% of Australian Businesses, what are you doing to minimise the risk to sustain your business? Keys to management include careful analysis of the business and tight planning and management of day to day operations.

Quadrant 3: If you are in a high level of strategy with restricted activity, what are doing to implement your strategy? Evaluate your resources available including employees, cash and infrastructure to leverage the market opportunity that is presenting itself to you.

Quadrant 4: If you are low in both strategy and activity, what are the choices you need to make? Evaluate whether an exit or sale of the business is an option and what you need to prepare to maximise the value. Alternatively, how can you refocus and ramp up the business and maximise the assets that you have available, including your people.

If you would like further information on the Strategic Action Model™, please contact business@hrcoach.com.au.

Understanding your current business and the options for the next 12 months, will have an impact on your priorities to plan.

Approach to Planning

We know that businesses struggle with planning and finding the time to plan. It is the one of the keys to moving a business from being under productivity pressure into strategic action. What can you do to overcome obstacles for sustainability and

growth given your situation identified in the Strategic Action Model™ above?

Businesses have the opportunity to be effective in planning without it being fixed to one outcome. The research also indicates that employees want to be involved. Bringing these two facets together provides businesses with a vehicle to be in control of their business and create a proactive retention strategy for key employees.

So how can this be done in a time effective way that will not create additional time burdens on already overcommitted business owners? Think of it this way. Instead of a Strategic Plan, develop a Planning Calendar.

Planning Calendar

Firstly we need to rethink planning. Planning is not a once a year event. It is also not an addition to management – it is part of how the business is managed.

It can be developed and managed as a business process that is part of the day to day operation of the business. Businesses in Strategic Action do this effectively. Generally it can be viewed in a step by step approach:

1. Strategy Framework – develop a business improvement annual framework for the business that works as the calendar for planning. Start with a measurement process of today, both in terms of financial and non financial measurements, and create goals for the future.

2. Team Review – When the strategic information is gathered, evaluate how satisfied you are with the current result and how confident you and your team are in the business in achieving its goals. This is an inclusive process where you can talk through the business needs together. We know employees have been asking for this level of involvement for a long time. If you want your employees to take ownership, then give them something to own.

3. Action Development – The interesting thing about planning is that we don't really know what is coming up next – so how can we plan for it? The good news is that you can – through the creation of planning options. A plan does not necessarily need to have only one outcome. Plan for best and worst case scenarios, and plan for alternative options. Then carefully plan the first stage.

4. Results Monitoring – Scenario planning sounds complex. It doesn't need to be. Planning for alternatives is a good management practice. What does need to be carefully managed however, is the tracking and monitoring of results. Scheduling milestone reviews and carefully planning the next step is critical.

It may be helpful to have an external party to facilitate the dialogue between employers and employees and to assist in the creation of plans.

Continuous Planning Process

A Planning Calendar enables businesses to move with market trends and maximise emerging opportunities as they arise. Having a Planning Framework and not a fixed plan can give you the edge in the market. It also gives you a method of involving your employees in a continuous planning process.

Businesses who embrace a “continuous planning process” have a practical way to implement a “continuous improvement process”. ❖

For further information on the National STAR Report®, the Strategic Action Model™ or participating in the STAR Workplace Program, please contact business@hrcoach.com.au or 1300 550 674.

