An Introduction to Planning

Planning

A plan is a guide to action—action that takes us from a situation in which we sense that:

- something in our organization is not right, or
- an opportunity is being missed, or
- our organization has reached a turning point,

to a situation in which some important aspect of our organization has changed for the better.

The sense that something is not right or an opportunity is being missed is sometimes called the "urge to plan". But that's not quite right. What we feel is not an urge to plan, but an urge to *change*. We don't want a plan. We want our organization to improve.

The two most common errors in planning are first, to think we need a plan rather than change. And second, to focus on how we will prepare the plan, rather than on what should be changed. The metaphor I use to illustrate these errors is:

> The urge to plan is an itch we want to scratch. The question we should ask is not, "how do we scratch?" but rather, "why do we itch?"

When organizations ask me to help them with planning, I ask the organization's managers, staff and board members to tell me what they want to change. This leads to a discussion of the strengths and weaknesses of the organization. As we talk, the nature and amount of change desired gradually emerges. So also do the values and character of the organization.

Once the amount and nature of the desired change has been determined, then "planning" becomes something that a) shows how the organization will move from here to there, and b) is consistent with the values and character of the organization. Sometimes, no plan is needed: the managers simply make the obvious decision. In other situations, a long planning procedure, involving many parties (including the people served, called "customers" in this document) is required. But, in every instance, the process is driven by the amount and nature of the desired change.

Plans

There are two kinds of plans: *implicit* plans and *explicit* or formal plans. Implicit plans exist in the minds and guts of people. They are richly evocative and filled with emotion; at some level, they contain our hopes and dreams for our organization. Implicit plans are the real guides for all but

our most complex actions, because we turn first to our memories when we need to know what to do next.

Explicit plans are documents. They are usually rather dry and intellectual, containing little of the emotion and richness of their implicit counterparts. And since they are a shadow of the real plan, they need to be used with caution. But they do have their uses: as summaries of our original intentions; as stimulants for our implicit plans; and as detailed guides to action in complex situations. Further, the process of writing a plan helps us identify gaps and disentangle issues. Thus, most plans should be made explicit.

Ensuring that all members of an organization have the same implicit plan and are committed to making it happen is called *leadership.* Getting everyone to do the day-to-day work outlined in the written plan is called *management* (endnote 1)*.*

Two Planning Processes

As Henry Mintzberg (2) first noted, there are two planning processes: *strategic thinking*, and *strategic programming*. Both processes are mental activities.

Strategic thinking is intuitive and creative. It typically involves synthesis of seemingly unrelated bits of information into a coherent and meaningful whole. Strategic thinking is used to find:

1) what we want to change, and
2) what to do when we know what to change—but don't know how to make that change happen.

Strategic programming is analytical. It typically involves dividing something we know into ever smaller parts, until we understand the details of what we are to do. Strategic programming is used when we have a general sense of how we want to proceed, but need a better idea of the steps that should be taken, and the time and resources that will be required.

Strategic thinking helps us cope with change. It is a leadership activity. Strategic programming helps us get today's work done today. It is a management activity.

Planning Procedures

Organizations use a planning *procedure* to prepare their plans. Planning procedures typically use a number of processes, including assessing customer needs; evaluating the effectiveness of the organization; gaining a better understanding of the environment in which the organization exists; engaging in dialogue with customers and other organizations; strategic

thinking; strategic programming; budgeting; priority-setting; recording and writing; etc..

At the most general level, the aim of all planning procedures is to answer what Peter Drucker has said is "always a difficult question: What is our business, and what should it be? (3)"

The best planning procedures are designed to fit the circumstances facing a particular organization, so there are a great many tested planning procedures. Nevertheless, all procedures can be placed in one of five categories:

- *Self-understanding* procedures, in which an organization seeks to better understand itself. The change desired is clearer answers to four fundamental questions:

    ➤ Whom do we serve?
    ➤ Who are we?
    ➤ What do we do for and with the people we serve? And,
    ➤ What difference does our work make in the lives of the people we serve?

- *Next steps* procedures, in which an organization identifies what it should do next, given its purpose and values, its history, its position in the community, its staff, its customers, or its operations: Serve more people? Reallocate resources among current projects? Charge for some services?

- *Change* procedures, in which an organization seeks to improve its effectiveness by doing something that breaks the pattern of the past: serve a new group of customers, change its operations, hire different people, become entrepreneurial, etc..

Most real-life procedures combine elements of self-understanding and next steps procedures. Usually, these procedures lead to relatively small changes in the organization. When done right, they produce a sense that things are the same, but better.

The two remaining procedures produce much bigger, and frequently more disruptive, changes:
- *External change* procedures, in which an organization deals with major change that originates outside the organization. Typically, this occurs in nonprofits when a funder changes its priorities or cuts a major grant; when a natural disaster occurs; or when a paradigm shift occurs, as in welfare reform. In this situation, the questions facing the organization are:
    ➤ Should we remain the same, or adapt?

> ➢ If we choose to remain the same, how do we survive?
> ➢ If we adapt, how do we preserve our core values and purpose?

- *Transformation* procedures, in which the organization self-initiates fundamental change in its purpose, strategies or operations.

Regardless of the name given to the procedure, the issues are the same: what is the nature and amount of change desired, and how do we get from here to there in a way that is consistent with our organization's values and character?

Strategic Planning

"Strategic planning" is a planning procedure that gives special attention to four issues of central importance to any organization (4):

- Core values: the "small set of timeless guiding principles" (5) at the heart of the organization.
- Core purpose: "the organization's reason for being" (6).
- Long-term goal: "a huge, daunting challenge" that will take years to achieve, and that serves as a "unifying focal point of effort and acts as a catalyst for team spirit." (7)
- Program strategies: The way the organization lives its values, expresses its purpose, and moves towards its long term goal. Some nonprofit organizations have always faced strategic issues. Legal aid programs, for example, have had to choose between achieving their purpose by disseminating information ("community legal education"), providing advice and brief legal services (such as making a phone call to an opposing party), providing representation (e.g., going to court on a client's behalf) or supporting community development activities. Lately, many other nonprofits have begun confronting strategic issues. Organizations funded by Medicaid Managed Care, for example, often must decide whether to secure long-term funding by cornering the market for a single highly specialized service, or by becoming a multi-purpose organization able to provide a wide variety of services under a single contract with a Managed Care Organization.

Doing Planning

Most people think of planning as something so fundamentally different from action that you must stop taking action in order to do planning. This might be called the "plan-action" approach: first, there is a period called "planning", in which decisions about the future are made; then, there is a much longer period in which the plan is "implemented".

There is another, much more natural, approach to planning: what might be called "continuous planning". In this approach, planning and action exist

side-by-side. Planning is always underway, as is action. When a sense that something is not right emerges, or when an unexpected opportunity presents itself, a group comes together to think creatively about what might be done. When they have a good idea, they take action. Seen over time, there is effective change. But there are no obvious periods of planning—when all action stops—or periods of action, when all thinking stops.

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Endnotes

(1) These definitions are based on the work of John Kotter, Matsushita Professor of Leadership at the Harvard Business School. See "What Leaders Really Do," *Harvard Business Review*, May-June, 1990, Reprint 90309.

(2) Henry Mintzberg is Cleghorn Professor of Management at McGill University, professor of organization at INSEAD (a management institute in France) and a fellow of the Royal Society of Canada. He has written extensively on management. His books on planning include *The Rise and Fall of Strategic Planning* (Free Press, 1994) and *Strategy Safari* (with Bruce Ahlstrand and Joseph Lampel), The Free Press, 1998.

(3) Peter Drucker teaches at Claremont College in California and is probably the best known management expert. The quote is from *Management: Tasks, Responsibilities, Practices*, Harper & Row, 1973, page 77.

(4) For more on core values, core purpose and the long-term goal, see James C. Collins and Jerry I. Porras, "Building Your Company's Vision*", Harvard Business Review* (HBR), September-October, 1996 (reprint 96501), or their book, *Built to Last: Successful Habits of Visionary Companies*, Harper Business, 1994.

(5) Ibid, HBR, page 66.

(6) Ibid, page 68.

(7) Ibid, page 73.