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The Pitfalls of Planning

To plan or not to plan? Does it make any difference? Judging from the failures of planning in recent years, it hardly seems worthwhile. But though it is difficult and risky, the exercise can be highly beneficial. It forces people to think about the things that really matter in the long run, in business and in life...

One look at the business section of a newspaper these days is enough to instil a hearty scepticism about planning. Here you read of literal cases of the best-laid plans going awry. Great international enterprises teeter on the brink of bankruptcy; multi-billion-dollar projects reel from staggering cost overruns; governments hack away at social programs in attempts to lighten monstrous debt loads. Now, obviously, no one ever *planned* to get into these messes. They planned to do just the reverse.

Which raises the question: If the immense informational and intellectual resources of modern corporations and governments produce plans that are so far off the mark, what are the chances of anyone else making plans that stand a chance of being realized? We are not talking here about the vague proposals that pass for planning in our personal lives, but of systematic plans that are researched, reasoned out, committed to paper, and carried into effect. Planning of this kind does not trust to luck or the passage of time to deliver the desired outcome. It actively strives to make things happen by doing the right thing at the right time.

There are, of course, some quite reasonable explanations for why so many plans never come close to meeting their objectives. The chief one is that we live in such dynamic times that all the assumptions on which plans are based may be suddenly rendered null and void. It might be argued that a good plan should be sufficiently flexible to accommodate any eventuality, but, as they say, you can't think of everything. For example, who would have guessed that the former German Democratic Republic would collapse so abruptly and completely? Waste paper baskets throughout the new combined Germany must have been filled with social and economic plans that were destroyed as if by a lightning bolt.

In any case, it is reasonable to assume that most formal plans actually do meet their goals, albeit with some inevitable hitches. You never hear of all the routine occasions when everything goes according to plan. Instead, planning is associated in the public mind with spectacular debacles. Misleading as that may be, there is much to be learned from the grand follies of planning by anyone thinking of taking it up a lesser scale.

These lessons may not apply directly to all cases, but they at least provide some interesting insights into how the human mind plays tricks on itself. For, though the planning process might look coldly rational, the record shows that it is a lot more emotional than it appears. When plans go wrong for seemingly practical reasons, close examination will usually reveal that the cause lies in the human factor. Some of the failings may seem almost pathetically simple, but behind them is a complex web of flawed logic and confused psychology.

Arguably the most common cause of plans going wrong is simple wishful thinking. Someone dearly wants something to happen, and twists his or her thinking around in such a way as to make it appear that their desires will indeed be fulfilled. Compatible facts and figures are unconsciously chosen to attest to the feasibility of the enterprise. It might be thought that only love-sick teenagers would attempt to remodel reality to fit their hopes and dreams, but the same is done by organizations of all sizes. National governments indulge in wishful thinking when they overestimate future revenues and underestimate expenditures, creating those famous deficits we hear so much about.

Warnings against wishful thinking seem to have little effect. Textbooks on planning can repeat *ad nauseam* that pre-planning research must consider every possible fac-

tor. But even after every single angle has been explored, no one can control how people will interpret the available information. It is a basic rule of planning that no proposal should be considered unless it frankly states the very worst that could happen. Nevertheless, there is always a temptation to “accentuate the positive and eliminate the negative” in assessing feasibility.

The Bay of Pigs debacle of 1961 was one of history’s most notorious examples of how wishful thinking plays havoc with the planning process. In the aftermath of the affair, President John F. Kennedy turned to his aide and future biographer Theodore Sorensen and asked: “How could everyone concerned ever have believed in such a plan?”

The answer was clear: They believed in it because they wanted to believe in it. “The best and the brightest” minds in Washington had tailored intelligence reports to their desires, turning a blind eye to a long parade of negative probabilities.

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A plan that goes
from A to B...!*

The Bay of Pigs plan exposed another Achilles’ heel of planning in that it had mixed objectives. Kennedy and his advisors wanted to overthrow the Cuban govern-

ment; at the same time, they wanted to minimize and cover up U. S. involvement in the invasion of that country by U.S.-trained Cuban exile troops. They could not do both, and they failed to do either, with disastrous and disgraceful consequences. The episode dramatically demonstrated that every plan should have one simple, unequivocal, overriding goal.

The besetting weakness of large-scale planning is that it tries to be all things to all people. Limitations, provisos, exceptions and modifications are inserted into plans to satisfy the disparate interests that clamour for a voice in policy. In this way, plans are steered off on tangents from the beginning. The tendency of planners to strike out in all directions was celebrated in a parody of the old song “Trees” sung by frustrated World War II Canadian army officers: “I think that I shall never see/ A plan that goes from A to B...”

With every attempt to respond to diverse considerations, a plan takes on added rigidity. It becomes a series of “musts” — one *must* do this and *must* do that to keep everybody satisfied. Human nature does not take kindly to rigid plans: faced with having to do things that do not fit the prevailing conditions, people will find excuses not to do them. At best, they will do them half-heartedly.

When it is followed to the letter, a rigid plan is likely to be overwhelmed by developments. This is why no plan should be considered complete without an accompanying contingency plan — “Plan B.” In itself, the original “Plan

“A” should be capable of fairly easy adjustment to accommodate shifting circumstances. In particular, it should be flexible enough to exploit opportunities in case it meets with premature success.

Experts advise taking plans “back to the drawing board” even when they appear to be progressing smoothly. A date should be fixed in the implementation stage at which the plan comes in for a searching critical review. If it then seems too complicated in the light of events, efforts should be made to “uncomplicate” it, discarding all extraneous considerations. Special interests must sometimes be overridden for the good of the whole.

But if plans can be over-complicated, they can also be over-simplified. Some managers seem to believe that objectives are sufficient unto themselves. They will say something like, “Our goal is to increase our earnings by ten per cent, and I don’t care how we do it.” They *must* care how they do it: otherwise they may do things that are inimical to their long-term interests, such as cutting back on quality, curtailing investment in new technology, or taking ethical shortcuts that may come back to haunt them in the end.

The “don’t-care-how” approach ignores the rule that a systematic plan must come in two parts — a strategic objective and an action plan. The latter specifies what steps are to be taken at what stage. The function of the action plan is to make things happen as you want them to. It also provides a measure at any given time of progress towards your strategic goal.

The central planning apparatus of the former Soviet Union was infamous for setting objectives without spelling out how they should be pursued. An anecdote that went the rounds in Russia a few years ago illustrated the weakness of the generalized approach. A large shoe factory consistently exceeded the production quotas which the central planners set for it. Its manager was rewarded with a medal. Only later was it discovered that the shoes the plant produced were all the same size, and all for the left foot.

The Soviet experience, incidentally, provides an object lesson in allowing ideological theories to govern planning. Karl Marx had written that if such-and-such was done, then such-and-such would follow; when it did not, the doctrinaire authorities pretended that it had, in the belief that events would inevitably conform to theory over time. Communists have not been alone in basing plans on doctrine instead of facts and probabilities; the right-wing belief that unfettered self-interest will benefit all concerned in the economy has similarly been tried and found wanting. Planning draws much of its bad reputation from the zeal of theoreticians. It is at its most effective when it is regarded as a pragmatic endeavour which does

not try to change the world, but works with conditions as they are.

Simplistic plans are usually made by people who rely on statistics and other second-hand information without looking at actual situations. In World War I, allied staff officers sat in chateaux in Flanders and France and drew arrows on maps that doomed millions of men to death or maiming in the bloody quagmire of the front line. The story is told of a British general who visited the front for the first time after spending months of plotting attacks on paper. When the sodden chaos of the battlefield came into view, he blurted out: "My God, did we really send men to fight in this?"

The Battle of Passchendaele in 1917 was one of those occasions when a plan took on a life of its own, independent of its objective. The British high command's original aim was to trap and crush the German forces by launching their assault in conjunction with an amphibious landing behind the German lines. When the landing was dropped as impracticable, the British generals carried on with the other half of the plan as if nothing had been altered. In the heat of action, they completely lost sight of their original strategic intent.

Not only that, but they became so personally committed to their truncated plan that they stubbornly clung to it when there was stark evidence that it was headed for disaster. Then they skewed the facts to convince themselves as well as others that it was succeeding when it was not. They insisted that all that was wrong with it was that not enough effort was being put into it. So — at the cost of scores of thousands of lives — they increased the manpower and matériel committed to it. It was a truly horrible example of "throwing good money after bad."

The lesson of Passchendaele is that if a plan is not showing any signs of working, it should be scrapped entirely. Trying to save parts of it (or trying to save face on the part of its authors) only makes matters worse. To prevent such wrong-headedness, someone has to be made responsible for monitoring the progress of a plan — and given the authority to speak up about it when it is not succeeding. Too often, people within an organization will know that plans have gone astray but will not say anything about it, either because they fear it would displease their superiors or they do not know whom to tell.

As Peter F. Drucker warned in his *Managing for Results*, the elasticity of the human mind can easily make a success out of a failure. "Three years later nobody

remembers that a product was once expected to revolutionize the industry, instead of which it just barely returns its operating expenses. What everybody remembers is, 'We started this as a minor addition to our product line and it is doing quite well.'"

The simple cure for self-delusion is to keep the plan front and centre in everyone's mind, so that its progress or otherwise is "public knowledge" within an organization. No one should be excluded: it has been demonstrated over and over again that employees will not stick to a plan unless they are fully aware of what they are doing and why they are doing it.

*What the planners
and their bosses
did not know*

In current business jargon, employees must be persuaded to "buy into" the plan. One way of getting them involved is to ensure that their efforts in carrying it forward are rewarded and recognized. Another is to consult everyone concerned early in the process. Participating in making a plan cultivates a feeling of "ownership," giving employees a psychological stake in carrying it out assiduously.

Asking the people on the front line what should be done obviates trying to do the impractical. One case history of a thwarted plan tells of a company that launched production of a product that depended on a key component procurable from only one supplier. What the planners and their bosses did not know was that the supplier intended to cease production of the component. They had neglected to consult their purchasing people, who — having heard it on the grapevine — could have told them that they could not depend on the component being available for long.

Not only is it imperative to consult front-line people when making a plan, it is imperative to keep in constant touch with them while it is being implemented. By discussing its progress with them, those in charge are better-able to see where it might have to be altered to respond to emerging events.

Successful plans demand daily attention from management at all levels. According to Boston University business professor John M. Stengrevics, "plans provide the backdrop for making the even the most insignificant decisions. Managers should ask themselves: How does this decision contribute to my plan?... How can I use this decision to achieve my objectives?" Stengrevics further urges managers to "try to flesh out and develop the plan each time you think about it."

In less eventful times, plans could safely be made on the basis of "more of the same." People assumed that what was happening at present would continue to happen



for the life of their programs. If the economy was booming or slumping, they projected a continuation of the boom or slump, making little or no allowance for changes in market conditions, tastes or technology. In today's mercurial business environment, the "rolling over" of business plans can be fatal. Experts advise a complete reassessment of all the assumptions on which a business operates every time a plan is made.

The idea that what is happening now is a permanent state of affairs is a fallacy — a mental error that has the deceptive appearance of logic. A related fallacy is the assumption that everyone thinks and feels the same way as oneself. Hence a businessman who is enthusiastic about a product will assume that customers will also be enthusiastic about it. He may learn to his regret that people do not all react the same way.

Mistakes like this are made when people substitute "gut feeling" for sound research. Intuition is wonderful thing, but it should have a factual foundation to hold it up. Planning cannot be done without making assumptions, but professionals in the field insist that they be "well-

informed assumptions." It might be thought that such thoroughness will lead to overcaution, but the reverse is often true: an ample flow of information may turn up opportunities that would otherwise have been over-

*In a board room
or a living room,
the same
rules apply*

looked.

Unfortunately, there have been times in planning when the assumption that everybody thinks alike has proved to be all too valid. One textbook example of flawed corporate planning is the case, in the 1950s, of polyethylene. It seems that every large chemical company in the United States concluded simultaneously that this new product had tremendous market potential, so they all built expensive new plants to make it. The market was flooded, and their plants all ended up operating at half-capacity. Had those companies consulted their customers and suppliers, they might have learned about one another's intentions, and some might have backed off from committing themselves.

On the other hand, research and intelligence-gathering can be carried too far. This is a particular peril in an age when so much computerized data is available that a person can keep consuming it indefinitely. It is quite possible to investigate a proposal for so long that the opportunity it is designed to exploit has vanished by the time a plan is ready. If some plans are shot down in flames, these never get off the ground.

In fact, many plans fail simply because they are never put into effect. Since lenders and investors have begun calling for detailed business plans from independent businesses, consultants have noticed a tendency to "take the money and run." Once the loan or investment is safely in hand, business and professional people will file away their plans and revert to seat-of-the-pants management. In large organizations, too, plans are frequently put aside while management scurries about dealing with the crises that crop up day by day.

If all this sounds familiar, it is because much the same things happen to us in our personal and family affairs. Whether we are trying to follow a household budget, an investment program or a diet, we are likely to waver from our original intentions, to be distracted by immediate happenings, or simply to let matters lapse. Rigid plans can be just as disastrous to an individual as to an army. When personal schemes allow no room for manoeuvre, they are almost doomed to defeat.

The same basic rules apply to plans whether they are made in a corporate board room or a suburban living room. They must be realistic, they must be simple and straightforward, they must be flexible. Every "Plan A" must be accompanied by a workable "Plan B" to cope with contingencies. Plans should be active, not passive, incorporating scheduled stages at which things are to be done and at which the things are made to happen. If these rules are not observed, all you are doing is indulging in elaborate daydreams.

Even when every condition is met, however, planning remains a risky and trying endeavour. Thoughtful managers are keenly aware of all the psychological obstacles that lie in the way, and still their plans frequently end in ruin. Which brings us to the big question: given all its many pitfalls, is systematic planning worth the effort, expense, and wear and tear on the nerves?

Well, yes. One purely pragmatic reason is that, as mentioned above, a growing number of independent business and professional people have no choice but to produce business plans if they hope to raise capital. They therefore might as well take their plans seriously and put them to use.

But even when planning is not mandatory, it has the merit of focussing attention on what you really want to accomplish, and what you really want to do with your resources and abilities. Successful planning takes discipline, diligence, and self-knowledge. The exercise of these invigorating qualities cannot help but do good, whether to a massive enterprise or just an ordinary citizen trying to make the most of life.

