

Excerpt from

Gartner Business Quarterly

Proven Guidance for C-Suite Action

Good Process Inhibits Great Planning

by Marc Kelly

About a quarter of the way through 2020, senior business leaders replied to a routine question: How long will the COVID-19 pandemic disrupt normal operations? Their responses revealed a clear consensus: September, maybe October, of that year.¹ Of course, they were wrong. Infectious high tides still cascade around the world while the inflationary, social and scarcity aftereffects of prior waves continue to reverberate. Our collective crystal ball has rarely been quite so cloudy for so long — and executives are now well-aware of that.

1 Excerpt from Gartner Business Quarterly 2Q22

Throughout the C-suite, they report struggles to plan for 2022, which could mean gaps in the ability to collaborate and move the whole organization forward. Even in a future-focused function such as R&D, less than half of executives said they understand the market potential for emerging technologies over the next 12 to 18 months. Nearly half (47%) of CFOs told us their hardest challenge is integrating strategic planning with financial planning; two-thirds of financial planning and analysis leaders see significant difficulty there.²

Increasing Reliance on Planning (and Replanning)

Typically, to compensate for the heightened level of uncertainty, companies are entering a near continuous state of strategic planning. Interviews with dozens of senior strategy leaders show they tend to alter planning efforts along three dimensions.

1 Frequency of Market and Performance Reviews

Strategy spend and efficiency benchmarks compiled at the end of 2021 show many activities at the core of planning efforts now occur quarterly, even monthly (see Figure 1).

2 Number of Data Points and Trends Tracked

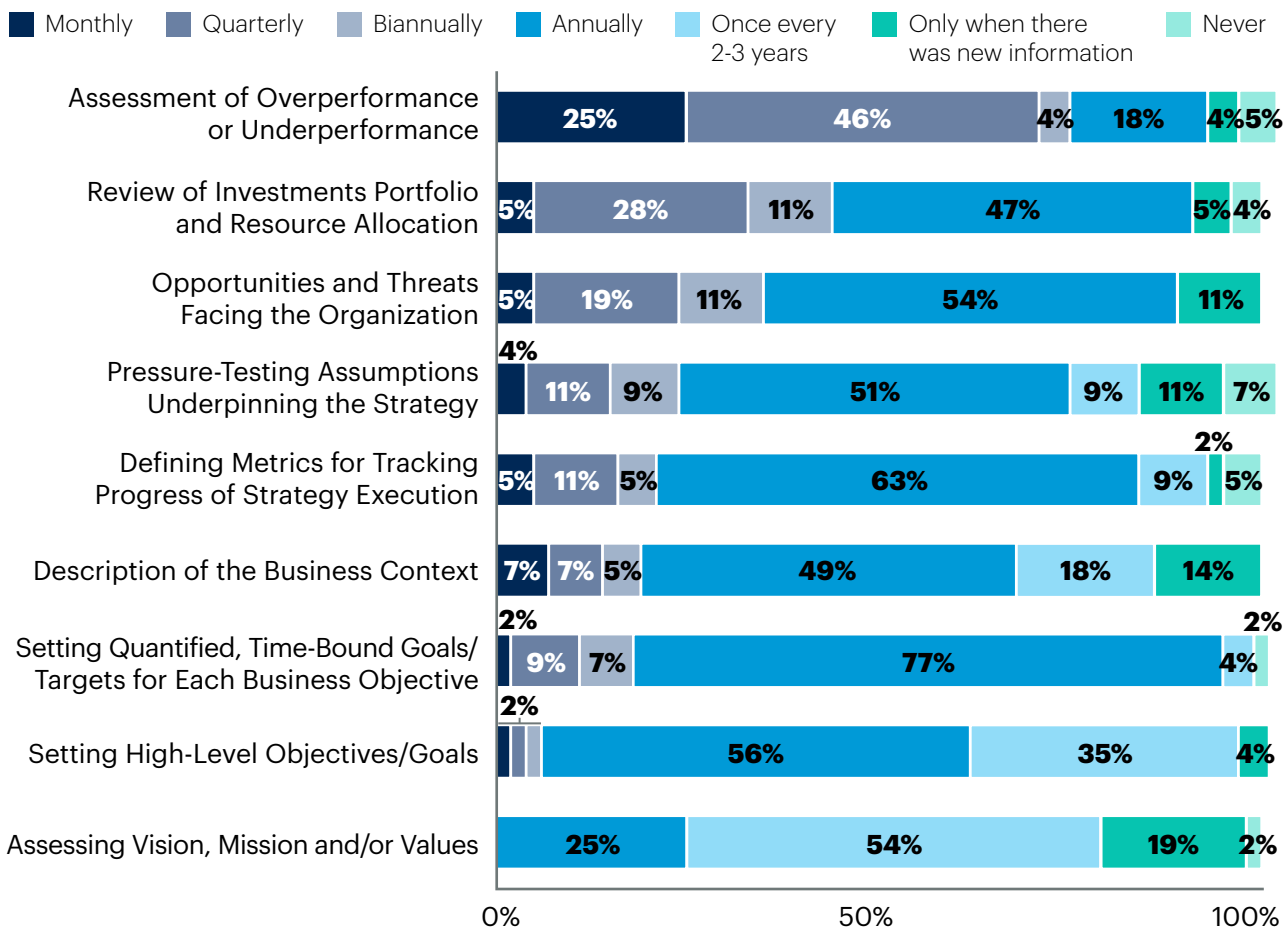
The number of monitored market trends nearly doubled since 2018 and 2019, with several strategists telling us the amount has quintupled.

3 Participants in Planning Forums

Companies have expanded functional and frontline representation to widen decision makers' perspective regarding potential knock-on effects of plan changes.

Figure 1. Frequency of Review for Key Strategic Planning Activities

Percentage of Respondents



n = 57

Source: 2021 Gartner Strategy Budget and Efficiency Survey

Note: Numbers may not add up to 100% because of rounding.

These Well-Intentioned Efforts Do Not Help

The rationale for more people formally reviewing more data more often is that companies can become more responsive. And while these changes improved alignment and overall understanding of strategic objectives, they've come at a tremendous cost.

Seven years ago, the weekly planning load on executives and their teams was 10.1 hours per week.³ Given the significant jump in status meetings and review sessions, we now estimate that leaders spend 15 to 20 hours a week on planning-related activities.

The spike in frequency and depth of planning activities, however, has not translated where it counts: faster and higher-quality planning changes. Strategy leaders tell us their concerns about the efficacy of their chosen strategic plan — and its speed of development — topped the list of their priorities for 2022.

Even if we wake from the nightmares of the past few years, we won't sink back into a slower market pace. As data, and our ability to use this data, flourishes, ever smaller units of planning can be effectively managed and manipulated, making it easier to identify the impact of micro effects in markets. Combined with greater reliance on AI and other decision-making tools, the temptation of reviewing and changing plans based on more frequent updates will continue to escalate.

The Problem Is Our Process Mindset

To manage the increasing frequency and effort of planning, senior leaders seek to increase the efficiency and uniformity of planning. Can greater regularity and precision lead to faster response times?

Sadly, the answer is no. Several characteristics indicate that a corporate activity can be easily turned into a process. Successful planning doesn't share these traits (see Figure 2).

Given the chasm between good process and good planning, executive leaders face a difficult choice. Do they attempt to subvert planning so it acts more like a process, or try to find planning workarounds to paper over the discrepancies? For most, the answer is a little of both — the quintessential compromise that leaves no one happy. Even during more stable times, business leaders told us that 56% of their strategic planning time was wasted.³

This is not where you want to be when you need answers to the organization's most existential questions.

Figure 2. Where Good Process Fails Strategic Planning

Good process design relies upon whereas planning during uncertainty often results in ...
Clear and objective outcome quality	Ambiguous and subjective quality measures
Uniform inputs and outputs	Changing market indicators and actions
Predictable starting and endpoints	Uneven timelines and nonsynchronous requirements
Consistent methods, tools and criteria	Custom frameworks and decision criteria

Source: Gartner

Progressive Companies Think About Planning as a Product

Thankfully, these discrepancies have moved progressive companies away from thinking about planning as a process and more about planning as a product: solutions for achieving corporate goals.

The value of a process is that it's repeatable and delivers reliable results when followed. Value for strategic planning, however, stems from the creativity and effort participants are willing to put into novel issues that crop up unexpectedly. A process that makes each instance seem like the one before will stifle initiative and inspiration.

Planning as a product emphasizes the experience and needs of the customer — in this case, the leaders and managers who must be involved. The guiding metric is no longer process efficiency or effectiveness, but rather engagement levels. Consequently, the timing, scope and focus of planning activities start to change radically.

This involves a major shift — away, not just from annual planning cycles but planning cycles in general. Progressive strategy shops disaggregate planning activities according to individual trends, business lines and problems. These take place when teams are ready to make changes, rather than when new information first becomes available. Finally, they create “clean sheet” outputs, rather than reusing specific templates.

As a result:

- Leaders are significantly more engaged in conversations, leading to higher-quality decisions.
- Discussions are held when the business is in the best position to move, leading to fewer delays.
- Time taken for planning activities is overall reduced.

In fact, emphasizing product over process triples business readiness to engage in planning — proactively making recommendations and decisions, fully considering context, anticipating how to fast-track support for changes. The payoff for that kind of motivation is speed; it's three times more likely that plans will change swiftly.⁴

Overcoming the Inherent Barriers of Planning as a Product

For all the benefits, this new perspective on planning can be difficult to put into practice. Three steps will ease the way.

Sense True Planning Needs

Don't start by asking senior executives about their planning needs, even though it seems like a perfectly reasonable first step.

Why? Business leaders fail to articulate their decision points. To overcome this lack of visibility, progressive strategy shops map out likely decision paths that the business takes for granted.

Coordinate With Other Core Processes

Over 70% of strategy leaders cite potential conflicts with financial management practices as the primary inhibitor for adaptive planning practices.⁵

Given the importance of springing planning from its mechanistic process, strategy and finance leaders have begun crafting solutions to break this apparent trade-off. Rolling forecasts, budget scenarios (as opposed to strategic scenarios) and increased spending freedom for managers based on past budget effectiveness can disassociate planning activities from ongoing financing.

Manage Coordination Costs

Finally, product-based planning is not without costs. Custom decision cycles and specialized reporting can add to the administrative burden for strategy and also result in coordination issues for the business. After all, planning, even accomplished in a variety of ways, must still keep the organization moving toward its long-term goals.

To manage non-process-based planning, progressive companies use:

- Wiki-like online strategy documentation housed in the cloud
- Measurement proxies to allow for comparison between dissimilar types of planning
- Reallocated planning responsibilities between the business, strategy and other support functions such as finance

These tactics let the strategy team check that the whole enterprise is staying on track.

¹ Gartner's Aggregate 2020 CFO/CSO Peer Discussion Forum Poll

² 2021 Gartner Capital Allocation Survey, n = 100 CFOs

³ 2015 Gartner Strategic Planning Survey, n = 464

⁴ 2022 Gartner Strategy Adaptive Planning Survey, n = 140 CSOs and 96 business unit and functional leaders

⁵ 2019 Gartner Strategy Functional Benchmark Survey, n = 47 strategy leaders

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