

The Now Where How Planning Process

The Underlying Process:

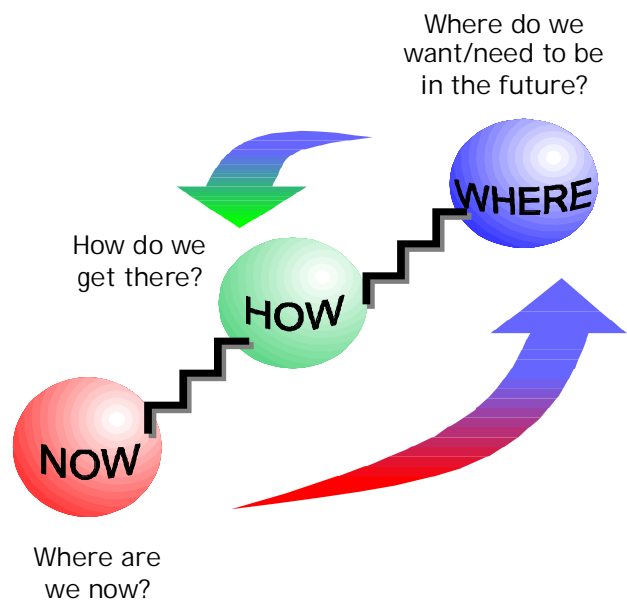
The underlying business planning process is referred to as the Now, Where, How process. This process indicates that there are three key questions that need to be answered in developing a plan:

1. Where are we now?
2. Where do we want/need to be in the future? (...and why?)
3. How do we get there?

In terms of planning your business direction the 'Now' is the Situation Analysis, the 'Where' is the Strategic Plan and the 'How' is the Business Plan. It is important to understand each of these steps as being separate, requiring quite different thinking processes. For this reason it is recommended that you do each of these steps at different times so they don't become blurred together.

Each one of these questions can be dealt with in the amount of detail appropriate to the need.

As simple as this Now, Where, How process may seem, there are some intricacies that need to be understood if the process is going to have the impact you desire. One of those intricacies is understanding that the better you do the 'Where' the easier the 'How' becomes. Other intricacies are alluded to below.



The Situation Analysis:

There are two components to the Situation Analysis:

- The Internal Review (or Diagnostic Review) and
- The External Review (or Environmental Review/Scan)

The Diagnostic Review (primarily) reviews the internal performance issues in the business - this would include financial performance trends and benchmarks, product and customer profitability, people issues, systems issues etc. It is often beneficial to incorporate some form of Risk Analysis at this point in the process as well. The outcome of the Diagnostic Review is a list of key Strengths and Weaknesses and a list of (internal) issues that need to be addressed as part of the planning process.

The Environmental Review reviews the trends in the external market place. What are the external factors (drivers) that will have the biggest impact on your business over the planning period? In what ways do you anticipate them impacting on your business?

Again it is often beneficial to carry out a Risk Analysis and perhaps even some form of Scenario Planning process. The outcome of the Environmental Review is a list of key Opportunities and Threats with a list of (external) issues that need to be addressed as part of the planning process.

The less comprehensive/scientific but nonetheless very effective method of generating the list of issues and the SWOT items is to simply workshop them. The issues list can be workshopped by asking participants to brainstorm the Magic Wand question; "If you had a magic wand (and therefore did not



need to worry about how) what would you like to change about this practice?" The Magic Wand process can be very effective in creating useful discussion and sharing of concepts that most partners would not have communicated to each other in such an effective or open manner. The Magic Wand question often tends to bias the discussion toward the operational issues although this does not need to be the case.

The Strategic Plan:

The Strategic plan, in simple terms, answers the question where are we going and why? The strategic plan is the high level direction setting document that identifies where the organisation is heading in the longer term. It generally covers a period 3 years or more ahead. The Strategic Plans in larger corporates will tend to look tens of years ahead. A three to five year period is generally the sorts of time frames most accounting practices will cover in their strategic plans. The Strategic Plan is very much about high level direction and strategy. As such it is generally seen as the responsibility of the Partners (The Board). It is an outward looking document that is based heavily on the findings of the Environmental Review and less so on the Diagnostic Review. It should not get 'bogged down' with the current reality as this form of planning needs to focus on where the business needs to be positioned to achieve long term success, almost irrespective of where it is today. The further your Strategic Plan looks into the future the less relevant the current reality has to the strategic thought processes.

The strategic plan should answer the following questions:

- What is our purpose or reason for existence? This is the Mission and would normally include the Core Values and guiding Policies of the organisation as well.
- Where do we want to be positioned (and why)? This is the Vision.
- What do we need to be particularly capable of to achieve this positioning? The distinctive capabilities.
- What are our value propositions (and competitive advantages) in our market segments?
- What are the key (high level) measures of success?

The Business Plan:

The Business Plan answers the question: How do we get there? The business plan focuses more on the 'reality' of the current situation (as determined by the Diagnostic Review) and then determines the action plans/projects needed to take the organisation from where it is today to where the Strategic Plan specifies. The Business Plan is generally a one year plan accompanied by a budget and is the responsibility of the management team. If the partners see themselves being responsible for the business plan as well as the strategic plan (as most do) then the development of the strategic plan and the business plan need to be done at different times to make it easier to develop different types of thinking. In a corporate environment the Business Plan is how the management team interprets the direction provided to it by the Board (via the Strategic Plan). The 'cut-off' between the Board's responsibilities in terms of the Strategic Plan and Management's responsibilities in terms of the Business Plan is a very important 'demarcation' in the overall context of the planning process - one that is not well understood. It is often a source of tension between the Board and Management when this cut-off is not clearly defined or where the Board steps too far into Business Planning territory or doesn't adequately deal with the Strategic Planning issues. In an accounting practice we commonly experience that the Strategic Plan is not well understood and therefore not really addressed. By default, if any planning is done it is a business plan, which tends to be more an operational plan without the direction offered by having a strategic plan at the 'front end'.



Planning Templates:

It is our view that a plan should be seen as a process and not a document. The document exists to identify the direction, in succinct terms, and to evidence the process. Equally, to be a useful part of the process the documents created through the planning process should be small and easy to update. The Linnergy planning templates have been developed on this basis. We have also developed a process for linking these plans to provide a more effective process throughout the organisation. Please refer [one page plan templates](#).

Planning Tools:

To assist you in completing the stages in the planning process we have included reference to tools/templates that we have found useful. However it should be remembered that tools/templates do not provide answers but merely provide a framework to open up and guide your thinking - a logical process that you can follow with a fair degree of confidence.

After using each of the tools we recommend that you 'stand back' and do a reality check on the results you have produced. Do they make sense? Can you see the logic? Do you need to amend the results for issues that you don't think the tools or the templates addressed well? The reality check is a vital step at each stage of the process.

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