

Planning approach or agility mindset?

Planning has long been one of the cornerstones of management. For decades the job of managers was to plan, organize, command, coordinate, control and Management by Objectives (MBO) became the most common tool to ensure focus on all those aspects. The belief was that if the future was mapped out, it would happen. Therefore, it seemed sensible for executives to identify their objectives and then focus on achieving them.

Now, planning has fallen out of favour. In the face of constant technological change, disruptive forces across industries, global competition, and so on, planning seems like pointless wishful thinking. And yet, planning is clearly essential for any company of any size. The reality is that plans have to be made about the use of company's resources. Some are short-term, others stretch into an imagined future.

Nowadays leaders are wary of planning because it feels rigid, slow and bureaucratic. Planning is frustrating because speed is important and plans frequently change anyway. Why engage in a slow, painful planning exercise when likely the organization is not going to follow the plan?

The frustrations with planning practices also intersect with another strategic organizational requirement: agility mindset. Organizational models based on small self-managing teams, enhanced by agility methods, is emerging as the route to the organizational agility required to compete in the fast-changing business reality. One of the key principles underpinning team-based agility is that teams autonomously decide their priorities and where to allocate their own resources.

The logic of centralized long-term strategic planning (done once a year at a fixed time) is the antithesis of an organization redesigned around teams who define their own priorities and resources allocation on a weekly basis.

The truth is that planning and agility are both necessary and companies have to make them work and should be reconceived as agile planning. The intersection of planning with organizational agility generates the following paramount requirements:

1. **Coordination and alignment.** Agile organizations face the challenge of managing the local autonomy of squads (bottom-up input) consistently with a bigger picture represented by the strategic priorities of the organization (top-down view). Governing this tension requires new processes and routines for planning and coordination. Processes should be revisited, and routine meetings and formats should be introduced to create alignment between and within different teams. As more and more companies transform into agile organizations, agile planning will likely become the new normal, replacing the traditional centralized planning approach.

2. **Limitless data and human judgment.** Planners have traditionally been obsessed with gathering data on their industry, markets, competitors. Soft data (networks of contacts, talking with customers, suppliers and employees, using intuition) have all been ignored. Traditionally, planning was built around analysis. Now the ability to generate data is limitless. This does not necessarily allow to create better plans. Companies need first to imagine possibilities and second, pick the one for which the most compelling argument can be made. In deciding which is backed by the most compelling argument, they should take into account all data that can be crunched but, at the same time, they should use qualitative judgment.
3. **Design thinking.** In an agile organization, teams use design thinking and other exploratory techniques, plus data, to take rapid decisions. Decision making is done by a team of people, offsetting in this way the potential biases of a single person making a decision based on individual judgement. An agile team-based organization enables the possibility to leverage qualitative data and judgement, combined today with infinite hard data, for better decisions.

The traditional planning approach has to be revisited to better serve the purposes of the agile enterprise. Agile planning is the way forward and it requires two fundamental elements. First, replacing the traditional obsessions on the numbers-game with a more balanced co-existence between hard and soft data. Second, introducing new mechanisms and routines to ensure alignment between the autonomous local teams and the overarching goals and directions of the company.

I wish you all to embrace an agile planning mindset.

Best regards,

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