

Only 9.6% of small and mid-size US businesses have a plan they actually use. It's now proven: CEOs want to provide direction and hate "mission statements."

In February 2010, Van Mell Associates and B2B CFO® completed a national survey of the frequency and effectiveness of business planning. There were 99 CFO respondents with 6-7 clients each, representing 660 businesses from 18 states in every region.

What is a "plan"?

The language of planning is confused: some say "strategic plan," "operational plan" or "business plan." The latter is also often used to describe the document used for financing. (51.0% of respondents said the jargon of planning actually "hindered" success.)

We defined "plan" as "A set of goals all the managers are actively pursuing."

Common techniques are very unpopular

Respondents were asked to rate various planning techniques on a scale of 1 to 5 (5 as "most effective"). The three *least* effective are:

- Writing a mission statement (6.2%)
- Writing a vision statement (10.1%)
- Holding one- or two-day retreats (10.3%)

The three top techniques are:

- Systematically asking good questions (63.6%)
- Using a dashboard of key metrics (58.2%)
- Holding monthly progress meetings (56.1%)

Also true for global businesses

It's been hard for researchers to get at this information, because managers hesitate to admit they don't have plans. But advances in survey tools and techniques have allowed others to get at this critical data.

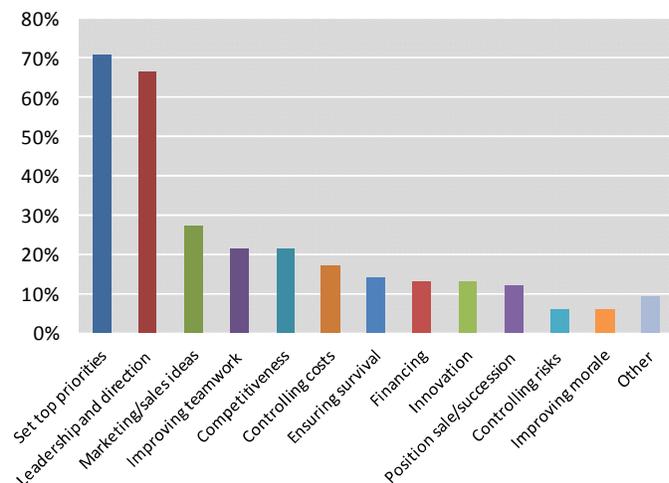
In 2006, McKinsey & Company surveyed 796 large global businesses. Their results were strikingly similar: only 23% of these businesses "had a formal planning process"; 58% of those felt the results were "extremely" or "very" satisfactory and of those only 64% believed these plans "allowed the company to make progress toward its goals."

In other words, *only 8.5% of large businesses around the world have a formal planning process that results in satisfactory progress. (July/Aug 2006 McKinsey Quarterly)*

Conclusion: planning is all about direction

The chart below ranks the reasons planning is important: providing direction rated much higher than "practical" issues. "Raising financing" was only 13.1% and "Controlling costs" 17.1%. The top three outcomes:

1. Set top priorities for the year (70.7%)
2. Strengthening leadership / direction (67.7%)
3. New marketing / sales ideas (27.3%)



Why do we have this problem?

One reason might be that "strategic" planning is based on an outdated style of management. It clearly uses military jargon (mission, strategy, tactic, objective) was endorsed by business thinkers (see Peter Drucker's *The Practice of Management*, 1954) during the Cold War.

There is an alternative

The results of this study probably surprise few managers. But *old habits die hard* and it will take courageous leaders to try an alternative to the now empty ritual of "strategic" planning.

Question-Based Planning is a plain-English, time-efficient alternative to traditional "strategic" planning. See www.vanmell.com for more.