

## 3 Tips For Planning A Dynamite 2016 In Your Business

By Bill Fotsch and John Case; October 6, 2015

It's October, which means it's time for you and your team to put together next year's plan.

Ugh. At most companies, those words just drain the energy from the room. Preparing the annual plan is a painful ritual that eats up time and produces little. There's usually fallout, too. When it's time to create the plan, the senior team goes to some offsite retreat for a couple of days. Everyone else is left to do the work—and to roll their eyes about what “planning” really means.

Planning at open-book companies is a little different, and a whole lot more productive. There are three key points of distinction.

**Employees get a say:** If your company is small enough, shut down operations for a day or two and bring everyone to the planning session. If it's larger, ask for a representative from every unit. In either case, get the people in each unit thinking and talking beforehand about what they want to see happen in 2016. Where are the biggest opportunities? How can the company boost sales, lower costs, better its relationships with customers? Asking employees for input treats them as partners in the business. It improves morale and boosts support for implementing the eventual plan.

It also generates good ideas. Jim's Formal Wear (JFW), for example, is now a leader in the tuxedo rental industry, with 5,000 branches and seven service centers across the country. But not long ago it was a growing entrepreneurial company just beginning to implement open-book management. In preparation for the annual plan, it asked its drivers for ideas. One reported that a significant competitor had put in a new production system that wasn't working out, leading to quality and delivery problems. The team identified the customers that this competitor would likely be serving, including several who had never done business with Jim's. Partly as a result, sales rose an unprecedented 40% the following year.

**Customers do too:** We don't mean that customers should plan your business for you. But a company that ignores customer input is missing a big opportunity to pull off a dynamite year.

The best companies, of course, get feedback from their customers regularly, usually through some version of Fred Reichheld's Net Promoter System®. The key is to get operational input from your customers as to what they really value, so you can act on it. What do your customers like and dislike about doing business with you? What would they like to see you offer? Whom do they see as your chief competitors? The answers provide great market intelligence for the planning process. Not incidentally, these customer interviews tend to generate significant repeat and referral revenue.

**People understand the financial aspects of the plan:** Company owners often scoff at the idea of asking employees for input: “They'll just want better benefits and a nicer break room.” Open-book companies teach their people the basics of the business's economics, so employees come to understand the difference between a nice-to-have frill and a profitable investment. If one unit wants new equipment in 2016, they'll be expected to put together a business case.

Open-book companies also entrust individuals or small teams with ownership of lines on the income statement. And there's nothing like accountability to make people think carefully about where we are today and where we want to be next year. At JFW, the line item for laundry and linen supplies had fallen by 50% over the prior year. When the group was asked who was responsible, a woman named Maria timidly raised her hand. How come the savings were so dramatic, someone wondered. Well, she said, Richard—the branch manager—had been ordering these supplies in the past. He was very busy and didn't have time to go over each order. But when she was given responsibility for the line, she made sure the branch bought only what it needed.

Maria turned out to be a single mom without much education. Didn't matter: she understood the importance of her line item, and she was the person who could talk most intelligently about that part of next year's plan.

In *The Art of War*, Sun Tzu famously wrote that the difference between a successful plan and an unsuccessful one lay with two decisive factors. One was good information. The other was the morale and energy of the troops. It isn't so different in business. Good data, coming from engaged employees and customers, makes all the difference. It even makes planning sort of fun.

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