

## ***Future Making: Redefining the Role of Planning, Planners, and Plans***

by

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Why do so many strategic plans sit on the shelf gathering dust? Why is there such wide-spread disillusionment with strategic planning (see Harry Mintzberg, *The Rise and Fall of Strategic Planning*)?

- Principal reason: **most organizations fail to make real decisions in their planning processes.**
  - Establish ambitious goals and milestones, but without identifying where the resources will come from to pay for them.
  - Planning without realistic resource constraints produces plans that are little more than unaffordable “wish lists.”
    - Can become an embarrassment by underscoring the gap between what an organization says it wants to do and what it actually does.
- Secondary reason: **even when real decisions are made during the planning process, organizations fail to carry them out.**
  - Plans and decisions are statements of intention; if not followed by actions, they are just words.
    - Actions always speak louder than words

Organizations can't literally make *the* future. But they can make their futures by investing in new capabilities that will produce new services or products that might better meet future demand. There are three critical elements to organizational future making:

- First, make the best effort possible to understand what the future will demand.
- Then, determine what end states the organization must achieve to be successful in the future.
- Finally, act decisively to move towards the new end states.

Redefining planning as organizational future making:

- Much organizational future making takes place informally – crises emerge, the CEO huddles with top management, and decisions are made that have strategic implications for the organization. This is a fact of life. An organization's actual strategy – what it does and doesn't do – is revealed by its behavior over time.
- Organizational future making that relies entirely on informal processes tends to be *ad hoc*, episodic, often uninformed and too tightly tied to the present. Organizational future making is too important to be left to daily “seat-of-the-pants” decisions of senior management.

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\* For a fuller explication of these ideas, see *Future Making: Getting Your Organization Ready for What's Next* (2007). For further information about the book and the author, see [www.clarkmurdock.com](http://www.clarkmurdock.com).

- **Planning, from this perspective, is future making done formally. It is the formal process by which an organization takes actions today to prepare to meet the future demand for its goods, services or capabilities.**
  - Most definitions of planning do not include “takes actions,” but planning is not an end in itself.
  - Former Intel CEO Andrew Grove, *Only the Paranoid Survive*:  
“Strategic *plans* are statements of what we intend to do. Strategic *actions* are steps we have already taken or are taking which suggest our longer-term intent. . . . While strategic *plans* are abstract and are usually couched in language that has no concrete meaning except to the company’s management, strategic *actions* matter because they immediately affect people’s lives. . . . Strategic *plans* deal with events that are so far in the future that they have little relevance to what you actually have to do today. So they don’t command true attention. Strategic *actions*, however, take place in the present. Consequently, they command immediate attention.”
  - The measure of success for planning is not whether it facilitates the making of strategic decisions or produces a plan, although both are important. It’s whether the organization takes steps to carry out its decisions or implements its plans.
- An organization that doesn’t try to make its future is in denial. The imperative for future making is even greater in a world operating at Internet speed, because the faster pace of change reduces the window of opportunity to make timely decisions. The time horizons differ depending on the nature of the business, but at the heart of serious future making is the making of decisions that trade off current activities for activities that prepare the organization for the future. In planning jargon, these are called “intertemporal tradeoffs.” These are the toughest decisions for any organization because they involve near-term pain for long-term gain, often after today’s decision-maker is long gone.
- If future-making decisions are not made, the organization risks being Overtaken by the Future. Even if decisions are made, there is no guarantee that they will be the correct ones. But if the decisions are the product of an honest, rigorous process designed to identify the best bets and best tradeoffs, then the organization has its best chance of success. This is the role of a formal future making process.

Planning is the formal side of organizational future making and consists of four principal planning functions:

- **Defining Future Demand.** You can’t prepare for the future unless you define what you are preparing for. The planning horizon – from 15 to 20 years for DoD to 18 months for IT companies – depends on the nature of the business. How much uncertainty, as well as the amount of hedging required to deal with it, will also vary. The articulation of future demand should be the front-end of all planning products.
- **Setting Strategic Direction.** The planning process can support the CEO by identifying the strategic choices facing an organization – the key decisions on what to do and what not to do – but it is the CEO and his top management that makes the decision and establishes strategic vectors for the organization. Organizations need a clear sense of

direction and a sense of who they are to cope with rapid change. In other words, organizations need a Strategic Vision.

- **Converting Intent into Action.** What separates future making from future talking are the initial steps that an organization actually takes today in order to prepare for tomorrow. Planners who try to identify all the actions that eventually have to be taken (the end-to-end stream, so to speak) are overreaching. It is much more important to get approval of the Initial Actions that get the ball rolling. The Strategic Vision is implemented by the Initial Actions that can be incorporated into a strategic plan.
- **Follow-Up.** Future making, by definition, involves making tough decisions today that better position the organization to meet future demand. Accountability is critical. Planning without follow-up results in planning that produces no change, no future making. Strategic visions and plans are usually incomplete – no organization makes all its strategic decisions at one time, but Follow-Up has to be systematic and complete. If decisions aren't implemented, the future doesn't get made.

Redefining the role of the planner:

- The job of senior management is providing decisive, visionary leadership that enables their organization to cope with change and uncertainty. The leadership challenge, however, has intensified in this Information Era where everybody increasingly knows everything. A planner empowered to ask the tough questions of both the senior management's strategy – "Is this going to make our organization's future?" – and the leadership team itself – "Is this how you want to be remembered?" – can help those at the top provide coherent, purposive, value-centered leadership. For this to work effectively, the planner must earn and keep the CEO's trust and tolerance even as the planner is, in effect, telling his Boss that he or she doesn't have any clothes on.
- Planning is a staff function, not a line function. The planner has no direct authority – he does not make decisions for the organization – but he can facilitate decision-making by the organization. Planners may have no rights, but they do have roles and responsibilities. The planner may be told to do many things – write speeches, conduct off-sites, prepare plans, and so on – but is critical to organizational future making in four primary roles: the Future Rep, the Learning Promoter, the Facilitator of Strategic Decision-Making, and the Future-Making Cop.
  - **Representing the Future.** The long-range survival of any organization depends on how well it meets the future demand for its services, products or capabilities. The CEO who wants to build an organization that lasts must give the future a seat at the table. He needs an advocate for the future, someone who is not invested in today's way of doing business and whose career depends on how well the organization prepares for the future. Representing future demand at key decision-making tables requires both political and analytic skills from the planner. In her role as Future Rep, the planner must choose carefully from the range of future-oriented interjections, which are arrayed from least to most threatening:
    - "If we do X, what this might mean tomorrow is Y."
    - "Doing X implies or assumes Y, what if that turns out not be the case?"
    - "But if tomorrow Y happens, then doing X won't work?"

- “If we want to do Y tomorrow, shouldn’t we start to do X today?”
- “If we want to do Y tomorrow, shouldn’t we stop doing X today?”
- **Promoting Organizational Learning.** Organizations don’t change their behavior unless they have learned something new. Organizations, however, do not literally learn or, more often fail to learn.
  - Royal Dutch Shell planner Arie P. de Geus argues strongly that planning should be seen as learning and observes tartly that “the only relevant learning in a company is the learning done by those people who have the power to act.” This is the bottom line – an organization hasn’t really learned anything about the future unless it acts on that knowledge.
- **Facilitating Strategic Decision-Making.** Making tough decisions on what to do and what not to do. Easy to say; hard to do. Small, reactive, instant decisions – “mini-decisions,” so to speak – come easily to most members of the senior management team, but few possess a real willingness to take on tough problems and actually do something about them.
  - Andrew Grove: “I can’t help but wonder why leaders are so often hesitant to lead. I guess it takes a lot of conviction and trusting your gut to get ahead of your peers, your staff and your employees why they are still squabbling about which path to take, and set an unhesitating, unequivocal course whose rightness or wrongness will not be known for years. Such a decision really tests the mettle of the leader.”
  - The planner can help identify the strategic choices facing an organization, but the senior managers need to be involved in setting new vectors. However, it is usually the agency head or CEO who drives the decision on which direction to go and which direction **not** to go.
- **Policing Organizational Future Making.** Critical to successful future making is follow up – making sure that decisions are implemented. Only the CEO and his most senior line managers can ensure that the organization sticks to the decision it makes. But the follow-up function is so important that the planner must do anything in his or her power to get the CEO to act as the Enforcer-in-Chief.
  - Discipline and accountability are not descriptors usually associated with planning. But they are absolutely critical for **serious** future making. Failure to carry out future-making decisions must be treated as transgressions of corporate trust. The planner, as the future-making informer, should bring them to the attention of the senior line managers. The senior team, led by the CEO, must act as the judge and jury, and make the transgressors pay.
  - This is unpleasant duty. No one likes being a tattle-tail. No one likes confronting valued colleagues. Accountability is at the heart of serious future making. Policing the planning process is rough work, but essential. It separates the future talkers from the future walkers. It’s about sticking to decisions you have made.

Redefining the role of plans:

- The planning hierarchy for future making consists of four elements:
  - Vision
  - Plan
  - Budget
  - Execution
- An organization’s vision sets strategic direction
  - While most strategic visions convey a sense of “who we are” as an organization, a future-making vision must have a succinct characterization of future demand and the changes in direction the organization is taking to meet that future challenge.
  - The vision document is a statement for the record – this is what the future holds and this is how the organization will prepare for it – and it sets the bar for future making.
- An organization’s plan converts intent into action.
  - It implements the vision by adding specificity:
    - By defining the End States that are the desired results – in other words, the objectives to be accomplished in a defined time phase.
      - Having End States brings accountability to planning.
    - By specifying the Initial Actions, the concrete steps taken now to better position the organization for the future.
      - Trying to identify all the steps necessary to reach the end states is overreaching, because the world will have changed by the time the intermediate steps are reached.
  - A future-making plan identifies what steps to take first and what the last step looks like.
- Visioning and planning can generate decisions about what to do to prepare for the future; unless followed up through budgeting and execution, planning becomes a self-licking ice cream cone. Future making requires both decisions and action.

The planning process – whatever works for the senior team

- Future making must be a deliberative process for an organization. It is not enough to “keep the future in mind” as one goes about the daily grind. It’s also critical for the senior management to take a “time out” from today’s in-basket and make themselves think about the future. Empowering the planner with a **formal planning process** gives him or her opportunities – off-sites, planning sessions, visions summits, and so on – to promote organizational learning, facilitate strategic decision-making and policy future making. Organizations can’t make their futures unless they make time for planning.

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