

# Escape the Tyranny of the Annual Plan— Adopt Principles & Practices to *Plan. Grow. Thrive.*

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*One in a Series of Plan. Grow. Thrive. White Papers written for leaders to address key concepts, principles and practices in strategic planning, resource development and the culture and dynamics of positive change.*

## THE TYRANNY OF THE ANNUAL PLAN

Do you ever dread annual budget meetings? Before the meetings are held, can you sit down and write out a script of the process? You know each character and the speeches they will give. You know who will be animated, who will be silent, who will erupt and how many sessions it will take before everyone walks away having approved a new version of the same old plan.

Do you ever dread the annual board meeting that follows? Each unit manager creating their story, their version of institutional reality, then presenting a plan focused on their area of responsibility, all designed to gain the board's continued approval and fiscal support of their domain.

I used to dread those meetings. I used to dread the whole process. As a young unit manager, somehow I knew our attempts at planning highlighted an underlying dysfunction within the organization. We were victims of three organizational tendencies. We were:

Overwhelmed by the busyness of day-to-day operations

Consumed with the protection of departmental turf

Mired in the inertia of institutional status quo

Our routine, our culture reflected *The Tyranny of the Annual Plan.*

◀ ...OUR ATTEMPTS AT PLANNING  
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Please don't misunderstand. Annual plans are not, in and of themselves, bad. But they are a litmus test of an organization's health, or lack thereof. For example, have you ever heard any of these phrases?

- "Don't tell anyone, but I just cut and pasted last year's figures into this year's columns. Not much is going to change."
- "Man, I hope next year we can find time to plan more effectively."
- "I am so tired of him, every time we talk about something new, all he can do is guard his turf."
- "Our budget conversations are so collegial, no one ever disagrees, it's like we all think alike."

If any of these quotes sound familiar, perhaps your organization suffers from *The Tyranny of the Annual Plan*. Still not sure? Have you ever seen these habits on display?

- The annual budget reflects an institutional fear of failure; it never includes any calculated risk.
- When planning, discussions about eliminating or redeploying resources are not welcomed or encouraged.
- Annual reports may identify concerns, offer inspirational rhetoric, but lack concrete calls to action.

All these quotes and tendencies are symptoms of an enterprise stuck in the present or echoing the past.

*The Tyranny of the Annual Plan* is a metaphor that describes how too many institutions do business. Yes, I know annual plans exist because of the rhythm of reporting and accounting; but an annual plan or an annual budget should never be ends in themselves. These are merely means, mile-markers to measure and guide the longer and larger work of fulfilling mission. Show me an enterprise with only an annual plan to guide its future and I'll show you a dysfunctional organization. (Don't snicker, they're out there.)

Leaders must learn to look for and identify such internal dysfunction and break-free from the habits that hold businesses back from dealing with the internal and external realities that will shape the organization's future.

- The busyness of day-to-day operations **must make room for strategic conversations**
- The protection of departmental turf **must yield to system-wide planning and re-prioritization**
- The inertia of institutional status quo **must accommodate the reality of change**

Once-a-year annual planning must give way to a culture of planning. Mapping out the future, securing necessary resources and inspiring others to implement and execute is the most important work leaders do. It falls upon leaders to break free from the tyranny of the annual plan.

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They must establish the rhythm and rules that make on-going planning and execution the new “business as usual.”

So what needs to happen? What principles and practices need to be adopted to make planning an essential, vital part of the organization’s culture, resulting in work that meets goals and fulfills mission?

What I offer is basic. It is essential. It is a four-fold set of principles and practices in pairs.

**Engage & Communicate**

**Vision & Plan**

**Resource & Implement**

**Execute & Assess**

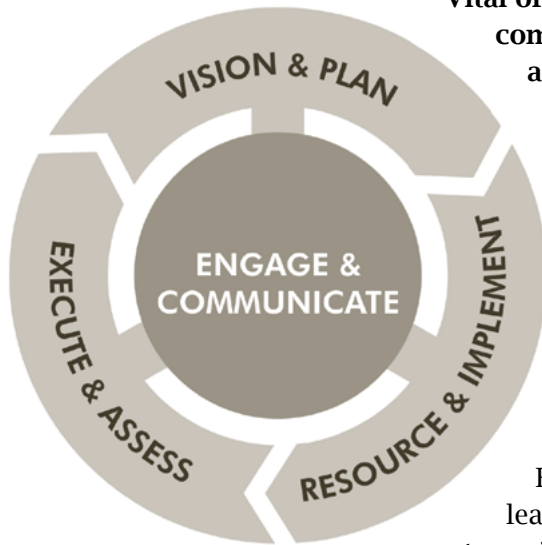
They appear to be simple, but their adoption and practice is difficult. Each pairing requires both reflection and reasoned action across the organization. Knowing and doing are the new normal.

A brief disclaimer is appropriate here. What I am about to present is not mine. It is an amalgam. I am a leadership mutt, what I have come to know, believe and practice is a mix of formal and on-the-job training. I began as a conductor of musicians. I learned how to guide and inspire skilled people to make music together they could not make by themselves. Alongside that work, I was blessed to be given charge of various departments, units and organizations serving as chair, vice president and president.

Across that span of time I came to draw upon the work of organizational experts—Drucker, DePree, Covey, Collins, Senge, Schwartz, Kouzes & Posner, Katzenbach, Carver, Porter, Bossidy, Lencioni, Christensen—that list still grows. Concurrent with the work and the learning, I had the privilege of serving with boards, trustees and foundation directors; they too became my teachers. To this day, their zest for getting things done, their measured fearlessness and their commitment to mission-guided vision shapes my work and me.



*Principle & Practice I—*  
**ENGAGE & COMMUNICATE**



**Vital organizations foster a culture of engagement and communication centered in the institution’s mission and work.**

Engaged stakeholders are essential. From top to bottom, an institution’s collective input, insight and action are a powerful force. This does not mean everyone is called to the table to discuss every matter. Rather, at different times and in different phases of the planning and execution process, leaders insure that various members of the organization gather to exercise their roles and responsibilities.

First and foremost, the key stakeholders—the board, leading constituents and the leadership team—gather to review, revise and affirm the organization’s mission and values. It is essential that they develop and exhibit the habit of candid dialog and keen assessment, looking deeply and broadly at the current and future work of the organization. It is from this leadership example of open, engaged, dialog that institutions give themselves permission to dream, plan new things and examine existing programs and practices.

To foster a spirit of engagement and a culture of communication, corporate officers and team leaders must develop a common vocabulary for the organization, craft compelling statements that express the essence of what the organization is, and then provide organization-wide principles and processes for planning and action.

*Principle & Practice II—*  
**VISION & PLAN**

**Vital organizations examine and declare who they are, whom they serve, what they do, where they are headed and how they will get there.**

The principles and practices of engagement and communication prepare the way for the formation and declaration of a company’s vision and the strategic goals necessary to achieve that vision. Leaders must beware, the tyranny of the annual plan lurks and lingers in silent opposition to vision-casting and strategic planning; mere annual planners too often rest on the laurels of past performance, executing and operating in the fading glow of the status quo. But business is dynamic. The plans that fostered yesterday’s success may hinder tomorrow’s progress. Institutional leaders must engage one another, confront stagnant perceptions and practices and identify and declare a new vision for a new day.

INSTITUTIONS MUST GIVE THEMSELVES PERMISSION TO DREAM, PLAN NEW THINGS AND EXAMINE EXISTING PROGRAMS AND PRACTICES

THE PLANS THAT FOSTERED YESTERDAY’S SUCCESS MAY HINDER TOMORROW’S PROGRESS

Vision is what leaders do. A well-articulated vision that is compelling, concise and measurable is essential. (Remember how to spell BHAG?) Without vision, institutional plans lack coherence, emerging from disconnected silos and sectors. Vision provides an overarching description of an organization’s future. Max Depree says it well, “Momentum comes from a clear vision of what the corporation ought to be, from a well-thought-out strategy to achieve that vision, and from carefully conceived and communicated directions and plans that enable everyone to participate and be publicly accountable in achieving those plans.”

Vision must be directly linked to the creation of select strategic goals; these strategic goals should provide the institutional focus necessary to make vision reality. Since these plans will soon shape the programs, policies and practices necessary to pursue vision, it is essential that leaders engage and communicate with key stakeholders.

One of the best ways to engage an organization with own its vision and the fine-tuning of its strategic plans is to create a series of stories that depict alternative futures for the enterprise. These scenarios foster buy-in, generate insight and encourage the pursuit of strategic plans.

But beware, there is a temptation to get to work too fast. Don’t get down in the weeds too soon. Study and reflect. Engage and communicate more. A compelling vision and its complementary set of overarching strategic goals requires reflection before action. Time is well-spent answering critical questions. What will differentiate us in the future? What new products or programs may be on our horizon? Will our vision and plans attract new clients? What external disruptions may affect our future? Answers to these questions emerge in Principle & Practice III.

*Principle & Practice III—*  
**RESOURCE & IMPLEMENT**

**Vital organizations secure the resources necessary to implement plans that fulfill mission.**

Principle & Practice III requires that leaders exercise the courage and persistence to call people together for a series of candid conversations, to see things as they truly are and to exercise the institutional will necessary to launch plans that will shape the future. These are the behaviors of an organization no longer bound by the tyranny of the annual plan. But breaking free is not easy. It requires a long-term commitment on the part of leadership to foster a culture of planning and execution.

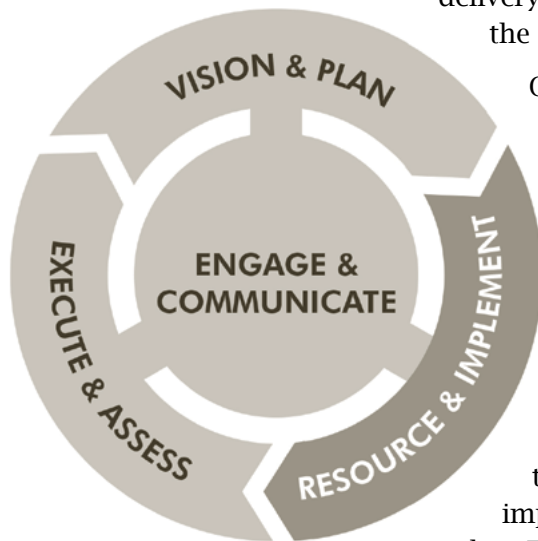
◀ A WELL-ARTICULATED VISION THAT IS COMPELLING, CONCISE AND MEASURABLE IS ESSENTIAL



**DIVE DEEP, EXAMINE PROGRAMS, EXPLORE NEW IDEAS, SPEAK WITH CURRENT AND POTENTIAL CLIENTS, SEEK TO UNDERSTAND WHERE THE ORGANIZATION MIGHT EXPAND AND FLOURISH IN THE YEARS AHEAD**

The pursuit of long-term vision and its complement of strategic goals requires another layer of planned action—operational goals. Leaders must convene a new array of colleagues, a cross-sectional working group, must come together to explore vision, examine strategic goals and emerge with a series of ideas and actions designed to make strategic goals reality. This work is much more difficult than living in the status quo. The group must dive deep, examine programs, explore new ideas, speak with current and potential clients, seek to understand where the organization might expand and flourish in the years ahead. (Blue Ocean anyone?)

Group members then go back, talk with their peers, and then reassemble to prioritize and align emerging goals with available resources. Hard questions must be asked and answered. What existing programs will continue to serve well? What initiatives need to be retooled or re-created? What new initiatives, new products, new facilities, new delivery modalities or new or repurposed personnel will move the organization toward vision fulfillment?



Once you have done all this hard multi-session, data-shaped, client-focused forecasting, testing, planning and developing you must choose. Choose both the operational plans and the resources for the plans. How will you pay to realize your vision? Borrow, redeploy, retrain, raise capital, fundraise? Sound strategy is needed to properly resource your plans.

After all this preparatory work, it is finally time to act. The first action is so obvious, so apparent, it is often overlooked. Organizations must declare their intent. They must announce their decision to implement to themselves. We choose to do this and not that. This is where the real, challenging work of strategic budgeting takes place. We intend to seek funding and when funding is secured (or sequestered), we will implement plans to achieve goals X, Y and Z. Hopefully, these choices will not be a surprise, for throughout the process, colleagues have been routinely sharing, at the water cooler, in weekly unit sessions and in wider forums that welcomed input, dialog and feedback. Engage. Plan. Communicate. Resource. Communicate. Implement. And then. . . execute!

***Principle & Practice IV—***  
**EXECUTE & ASSESS**

**Vital organizations execute their plans to the best of their corporate ability, assessing and encouraging performance as they go.**

The tyranny of the annual plan has staying power. Its habits are hard to break. Truth be told, it provides a safe haven for business as usual.

But in order to make vision reality, pursue strategic goals and achieve operational goals an organization must learn to focus and execute. There is no point in learning the principles and practices of strategic visioning if we don't develop the corporate habit of execution. But wait, didn't we announce our intent to implement? Yes. But without execution, implementation is merely the rhetoric of good intentions, drowned out by busy people doing their jobs.

Good strategy, created in an engaged and connected environment, fosters good execution. Key leaders and managers must readily convey to those with whom they serve, that success can only be achieved on the front lines of the organization. We have to develop a collective commitment to adopt Larry the Cable Guy's theory of work—git-r-done. Execution equals success.

Leaders must regularly assemble several cohorts of unit managers and front line personnel and engage them. Identify one or two operational goals that apply their specific area, then assign them the task of determining their part in the achievement of these goals. Have them address key questions: What is the first thing you need to do to meet the goal? How will you know when it has been met? What will you measure? More importantly (and here Lencioni is at his best), what is the most important thing you need to do and achieve right now? Identify these key tactics for success and do them, track them. This is execution and assessment on the front lines. It's not an after-the-fact measure of a year's worth of work; it is the continuous measurement of small chunks of progress, weekly huddles where peers hold peers accountable, where leaders encourage and reward achievement.

Be positive and be vigilant, the tyranny of the annual plan lingers in our corporate memory. It is the institutional default mode. To move from annual planning to a culture of planning means you must navigate a season of transition. Expect people to resist, to be anxious and to default to what they know best, the same ol' same ol'. Don't let that surprise you, the majority of their tasks have not changed. But what must change is your corporate commitment to engage and communicate; frequently restate vision and strategic plans; review how operational goals have been resourced and implemented; then engage the good people who work with you to create, execute and track the tactical actions that move the needle of accomplishment.

Do all that, then celebrate.

Then take aim, execute and celebrate again.

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