



## **An Overview of the Planning Processes in an Execution Environment**

Surveys tell us that organizations find it difficult to adapt to changing market conditions, are poor to coordinate across units and poor at shifting people across units to support strategic priorities, and lack adequate financial and human resources to succeed with their strategic priorities. You have likely experienced these problems. An execution environment overcomes all of these problems and others. An execution environment is an environment focused on getting the things done that a business needs to do, and this changes the way we do things. In this paper we describe how the core business process of Planning functions an execution environment.

A **Business Model** is not a process, but having a business model is centrally important in an execution environment because it identifies the clients and customers the business will serve, what needs they have, and how the business will satisfy those needs. Definition of a business model is the way a business embraces that the “critical things” it has to get done are defined by understanding and meeting the needs of its clients, customers, and stakeholders. Even if you have a business model, a focus on execution changes how you think of it. For example, you may perform business intelligence activities to gain insight to what your competitors are planning, but this is often done as an autonomous activity. Business intelligence in an execution environment an integrated part of developing and refining the business model, and is performed to provide insight to specific questions posed by the business model, rather than being a generic research activity.

The **Strategic Planning Process** in an execution environment treats the strategic plan as an action plan that lives throughout the year. This is a huge change of outlook from the strategic plan being the end result of the planning process, and it forces important changes in how the planning process works.

Strategic planning in a typical business addresses “what,” but in an execution environment it also addresses “how.” For example, how are the assumptions on which the plan is based vetted and revised if needed, and acted on continuously throughout execution of the plan? A strategic plan in a typically business is a conceptual plan that is mostly ambiguous, but a strategic plan in an execution environment is split into logical and readily grasped building blocks, and the plan



clearly states at what points and how the status of the activities, deadlines, and outcomes of the building blocks will be tested. The strategic plan in a typical business environment leaves the definition of metrics to the operations and budgeting process, but the strategic plan in an execution environment spells out the metrics that will be used for the numerous evaluations and tests included in the plan. The strategic plan in a typical business environment leaves the definition of resources needed to the operations and budgeting plan, but the strategic plan in an execution environment clearly states what resources are needed, which of those are available and will be dedicated, which have to be obtained, and how and by when they have to be obtained.

Thirty percent of managers citing failure to coordinate across business units as the greatest challenge to executing their strategy, but strategic planning in a typical business environment does not define nor address the coordination needed between different groups to achieve the strategic priorities. Strategic planning in an execution environment overcomes this. Markets are changing more and more rapidly, sometimes during a traditional plan's year. One-third of managers cite difficulties adapting to changing market circumstances as their greatest challenge to achieving executional excellence. The strategic plan in an execution environment tests the business model throughout the year. Do we understand who the customers are, what they want, how they want it, and what they will pay?

In a typical business environment, there is a distinct handoff between the strategic planning and the operating and budgeting processes. In contrast, The **Operating and Budgeting Process** in an execution environment is an outcome of the strategic planning process. This will be described in the next paper, *An Overview of the Operating and Budgeting Process in an Execution Environment*.

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