
THE IMPACT OF EFFECTIVE PLANNING ON BUSINESS OUTCOMES

A SURVEY OF PLANNING STAKEHOLDERS

Fall 2018

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Introduction

Business planning is historically characterized as one of the most dreaded, disruptive, and disconnected organizational tasks. In the not-so-distant past, business planning was conducted as an annual departmental activity where each function gathered data and used its own tools and processes to chart their own course for the upcoming year. The planning process itself was laborious and, more often than not, relied on inaccurate data and insufficient technology. Further, business plans were typically developed in silos and unable to evolve and adapt with changes within the business or the market.

The good news is that business planning is undergoing a major disruption. With technology advances in data collection and analysis, cloud computing, and mobile, businesses now have unprecedented power to make better, faster, and more intelligent decisions. And we are witnessing firsthand how profitable companies are leading in their markets due in large part to the creation of agile plans and accelerating data-driven decisions.

This research unveils business planners' current attitudes and experiences with planning. How important is planning to the business? What brings success, and what factors hold companies back from evaluating potential opportunities, disruptions, and threats? What is the potential for next-generation planning technology to deliver strategic insight and business foresight?

The following report, sponsored by Anaplan, is based on an online global survey of 1,036 business decision makers with responsibility for planning in companies with 500 or more employees. A wide variety of questions were asked about current approaches to business planning.

Key Findings

- **Planning is critical to the business**
 - 90% of executives cite planning as “critically important”
 - Planning directly impacts a wide range of business outcomes, including costs, revenues, customer satisfaction, innovation, and market opportunities
 - 75% say they plan more frequently now than in the past
- **Planning needs to be improved**
 - 85% face barriers to adopting new ways to plan
 - 86% say they face limits in their ability to collaborate when planning
 - While 96% update plans when information changes, 73% take weeks or longer to do so
- **Companies struggle to do better with their planning**
 - 94% say planning needs to change
 - 87% report challenges preventing them from planning more effectively

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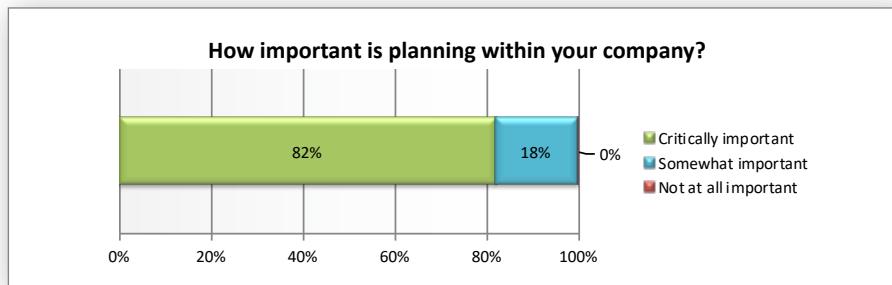
- Technology is vital to increase planning effectiveness
 - 92% say better planning technology would result in better business outcomes
 - Executives and large companies are most likely to report the impact of better technology would be “dramatically better”
 - 97% agree technology capabilities would improve planning efforts

Detailed Findings: Planning is critical to the business

Business stakeholders agree planning is “critically important”

In today's competitive business environment, working things out as you go is not a viable option to achieve success. Good planning will improve outcomes across your company and be a key differentiator. Not only does effective planning empower organizations to make better decisions today, it will prepare them to overcome the unexpected changes in company priorities and market evolutions that will inevitably occur tomorrow.

Business planning decision makers couldn't agree more. When we asked about the importance of business planning within their companies, 100% agreed planning was important, with the vast majority, 82%, characterizing planning as “critically important.”



Senior levels are most likely to characterize planning as critically important

Regardless of the industry or company size, effective planning should span all business functions and involve individual contributors, managers, and executives. However, the critical importance of planning may be perceived differently depending on one's role in the organization. Executives charged with making high-level strategic decisions need to be able to envision the future and build plans to address that effectively. Their ability to do so is what allows them to guide the organization. This research demonstrates that executives are more likely to regard planning as critically important (90%) compared to team managers (79%) or individual contributors (74%).



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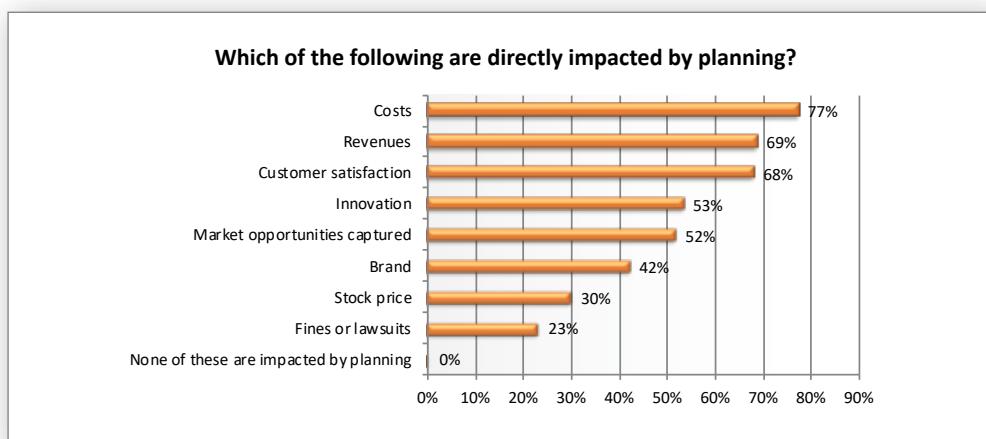


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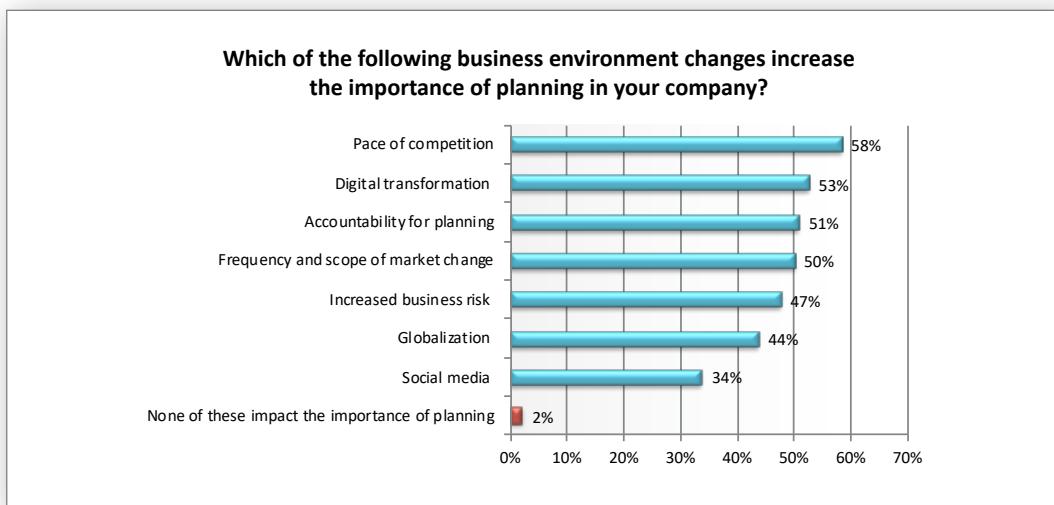
Planning directly impacts a wide range of business outcomes

Planning and growth go hand-in-hand. But specifically, what facets of the business have the potential to realize the greatest gains from meaningful, well-executed plans? Likewise, what areas may experience the most painful losses due to lack of plans?

According to business professionals with planning responsibilities, costs (77%) are most directly impacted by planning followed by revenues (69%), customer satisfaction (68%), innovation (53%) and market opportunities captured (52%). It should also be noted, although this is not surprising, that all participants in the survey (100%) did report that there are direct business impacts of the planning process.



Similarly, when business leaders begin reaping measurable results from good planning, they value its importance even more. The vast majority (98%) report that changing business environments increase the value of planning within a company. Specifically, the competitive pace (58%), digital transformation (53%), accountability for planning (51%), and frequency and scope of market change (50%) are considered the leading environment changes influencing the relative importance of planning.



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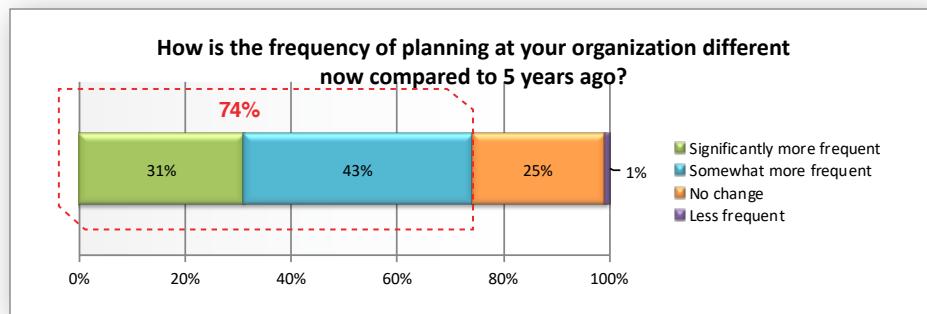


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Planning is happening more frequently now than in the past

Gone are the days when you plan once and reassess 365 days later. Today more and more business leaders are in the mindset that there is little value from static plans in a business world that constantly changes. Thriving companies are now seizing more control of their destinies by implementing an always-on planning mode where they are assessing the impact of change more frequently and adjusting their plans continuously.

When asked about the regularity of their planning compared to five years ago, three-quarters (74%) of business planners say they are planning more frequently now than in the past. Nearly a third (31%) are planning significantly more frequently. Only a very small number, 1% say they plan less frequently.



Detailed Findings: Planning needs to be improved

Many factors prevent organizations from adopting new ways to plan

Organizational planning is often a complicated activity involving multiple business functions and people, a plethora of applications, and inconsistent processes. As such, there are a wide range of potential roadblocks that can get in the way.

The majority of business planners (85%) report that they face barriers to adopting new ways to plan. These include requiring more effort than companies are willing to spend to change (33%), no sense of urgency in change planning approaches (33%), past change management initiatives that have fared poorly (26%), no good approach to change management (25%), and no support from leaders in leading change initiatives (25%). Only 15% report that nothing keeps their company from adopting new ways to plan.



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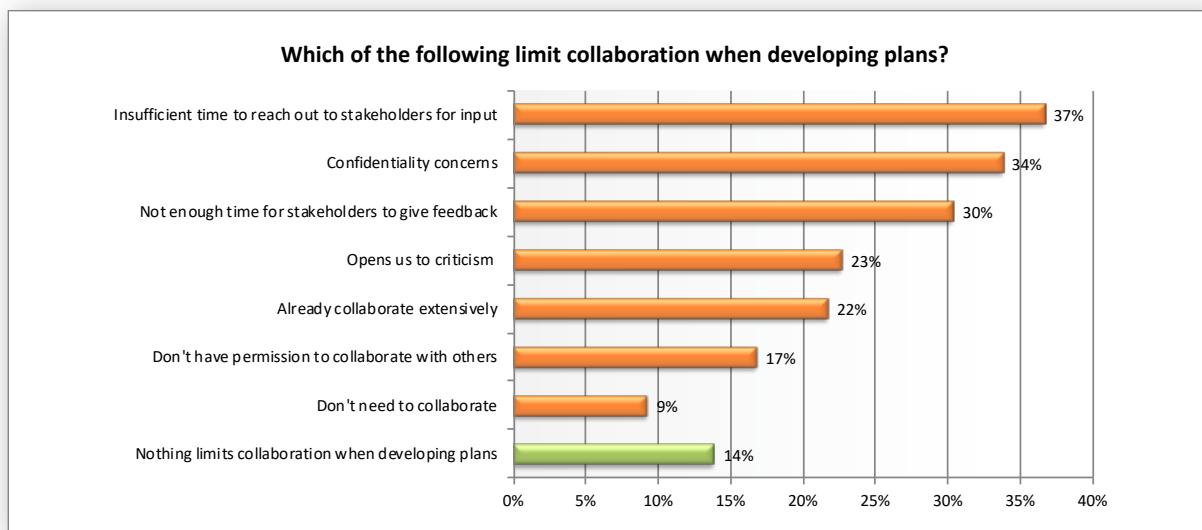


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Organizations face limits in their ability to collaborate when planning

In any business setting, authentic collaboration is a challenging skill to undertake and do well. Conducting a collaborative planning process frequently highlights this corporate shortcoming.

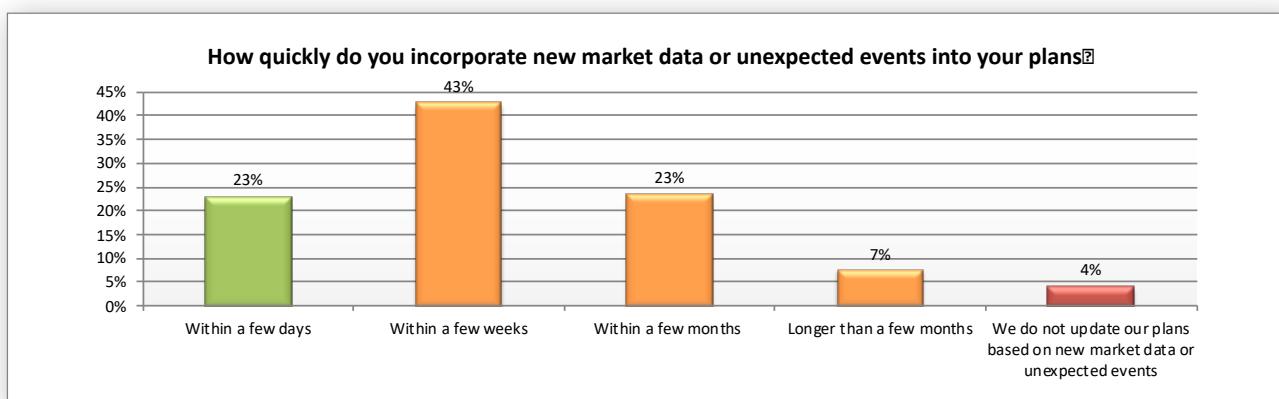
When we asked business planners about what holds them back when developing collaborative plans, most (86%) report that they face issues. The top limitations cited were insufficient time to reach out to stakeholders for input (37%), confidentiality concerns (34%), and not enough time for stakeholders to give feedback (30%). Only 14% report no collaborative limits when developing plans.



Most update plans when information changes, but few do so quickly

Time is of the essence when seizing business opportunities with potential to increase revenues, decrease costs, or claim increased market share. Slow reaction to changing market conditions can have dramatic impact.

This research shows that the vast majority of companies (96%) do update their plans when information changes, but it is alarming that most take significant time to do so. Almost three-quarters (73%) have delays of a few weeks or more before incorporating new market data or unexpected events into their plans. This includes almost a third (30%) that wait for months or longer to update their plans.



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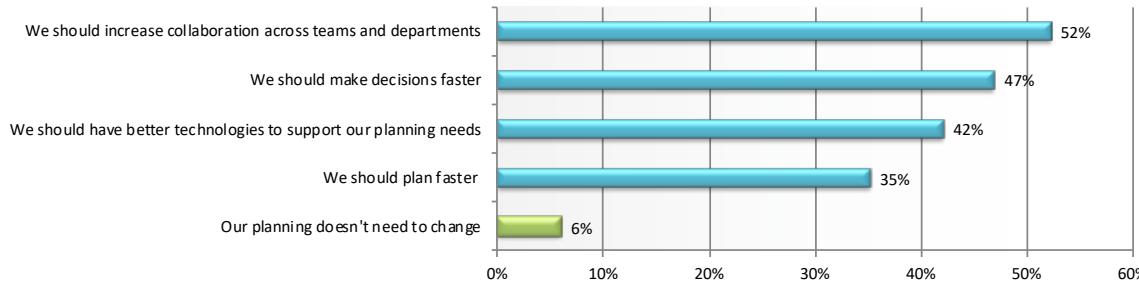


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Detailed Findings: Companies struggle to do better with their planning Current planning approaches need to change

In light of the planning shortcoming that hold companies back from achieving their potential business outcomes, there is a strong desire to do better. A whopping 96% of business planners say planning must change. Specifically, they want to increase collaboration across teams and departments (52%), make faster decisions (47%), implement better technologies to support planning needs (42%), and plan faster (35%). Only a few (6%) say planning doesn't need to change.

How should your approach to planning change to accommodate current market conditions?

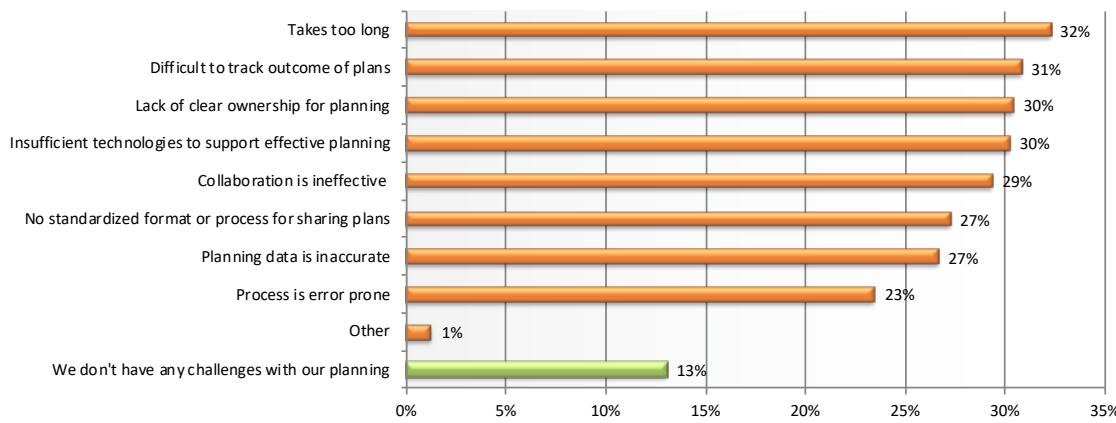


There are challenges preventing companies from planning more effectively

In order to move forward, companies must first address their planning challenges head on. In our research, 87% of business planners report major challenges that are stopping them from planning more effectively.

Understandingly, each company will have its own unique list of obstacles; from taking too long (32%) to facing difficulties in tracking the outcomes of plans (31%) to lack of ownership for planning (30%) to insufficient technologies that support effective business plans (30%) and many other challenges. Several participants took the time to write in other challenges that they face which included a wide range of issues, such as high costs of planning efforts, time constraints that don't allow an effective process, working in a highly competitive sector that requires constant response, supporting requirements of partners and other external stakeholders, and much more.

What challenges prevent your company from developing more effective business plans?



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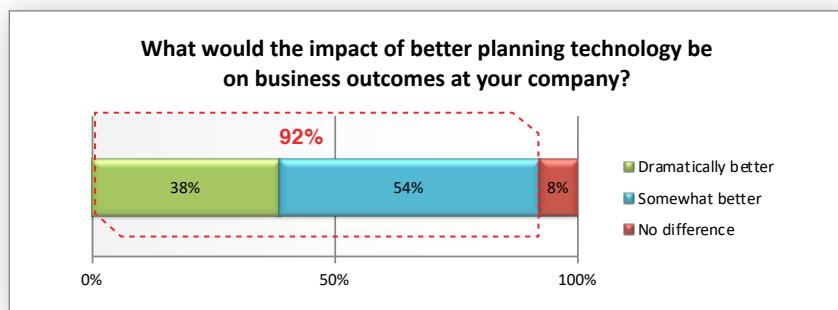
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Detailed Findings: Technology is vital to increase planning effectiveness

Better planning technology would result in better business outcomes

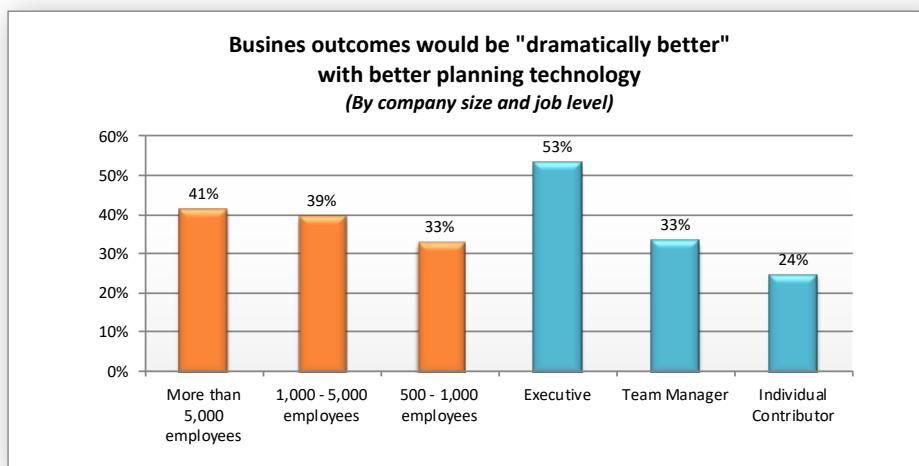
It's clear that alleviating current planning limitations will empower businesses to focus less on tedious tasks and more on strategic insights for the future. One fundamental way to make this achievable is through the use of innovative planning technology.

Business planners agree that this is important with most (92%) reporting that better planning technology would result in more positive business outcomes.



As expected, better planning tools will impact different types of companies, roles, and departments differently. This research shows that executives (53%) are most likely to characterize the impact of better technology as "dramatically better" compared to team managers (33%) and individual contributors (24%). This response is to be expected as executives typically need to cast a wide-angle view across the entire organization to assess the total impact of change, an area where technology gives a clear advantage.

Similarly, the largest companies (41%) cite more substantial differences from better planning technology than those companies with fewer employees. Understandingly, with more people to include and more data to sift through, larger companies face a tougher road when it comes to collaborating across the enterprise and, consequently, face a much greater risk of breaking into silos with planning. The right planning technology will break these barriers and connect more people and processes across the enterprise.



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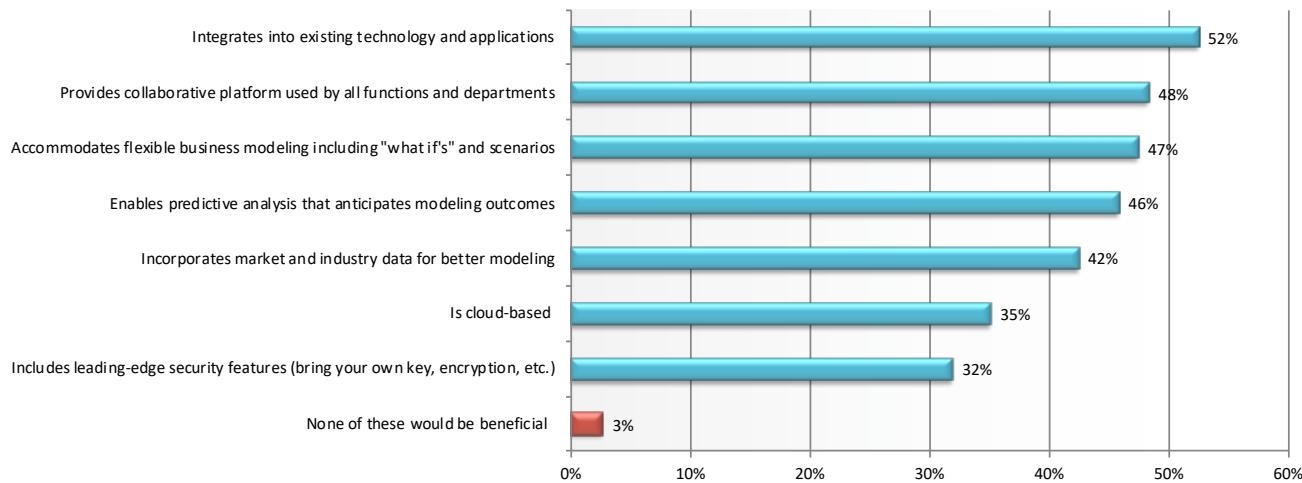


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There is tremendous value in the right planning technology capabilities

An important takeaway from this research is that, as reported by 97% of participants, companies will benefit from new technology capabilities to enhance their planning efforts. Business planners state the most valuable technology capabilities are those providing integration into existing technology and applications (52%), a collaborative platform used by all (48%), flexible business modeling with “what if” scenarios (47%), predictive analysis that anticipates modeling outcomes (46%), and market and industry data for better modeling (42%).

Which of the following technology capabilities would be beneficial to your company's planning efforts?



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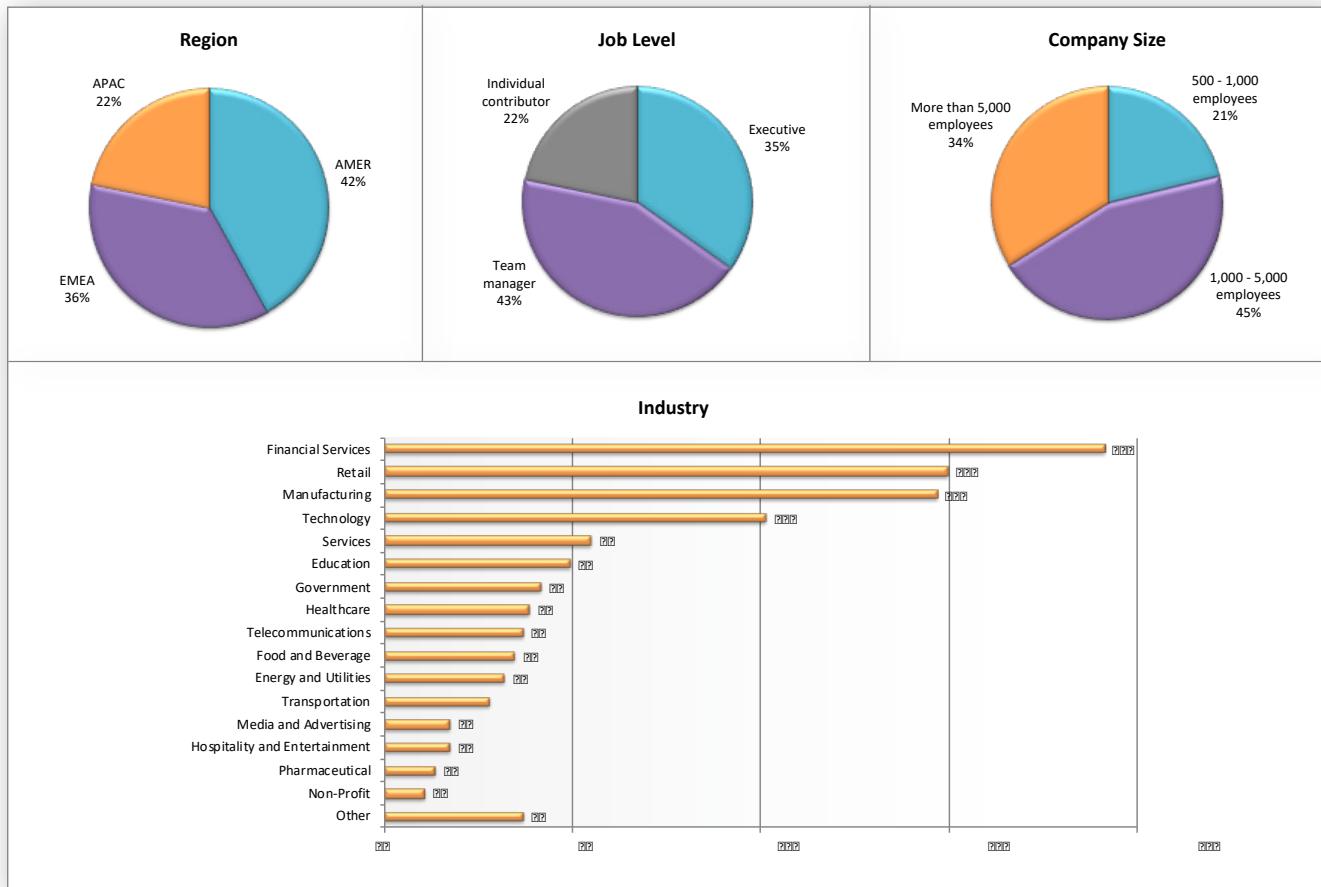
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Survey Methodology and Participant Demographics

An online survey was sent to an independent source of business professionals. A total of 1,036 decision makers with responsibility for business planning completed the survey. All worked at companies with more than 500 employees. Participants included a mix of regions, roles, company sizes, and industries.



About Dimensional Research

Dimensional Research® provides practical market research to help technology companies make their customers more successful. Our researchers are experts in technology and understand how technology and business organizations operate. We partner with our clients to deliver actionable information that reduces risks, increases customer satisfaction, and grows the business. For more information, visit dimensionalresearch.com.

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