

... a cunning plan

Poor old Baldrick! He was the hard working servant, put upon and largely ignored while the real action happened inside other closed rooms. Yet he was a constant planner, looking to do the best with whatever meagre resources were available to him and to get his side out of whatever mess they were in.

Contrary to popular belief, we all plan constantly. We plan holidays and evenings out. We plan family events and Christmas get-togethers. The trouble is that we all do it in different ways. Some might plan a supermarket shop by writing a detailed list over a cup of coffee while others work out what they want as they drive there.

It is just the same with businesses. Some plan in great detail over a long period of time using carefully crafted processes. I once advised Hitachi on a potential market entry. It involved detailed research, econometric forecasting, thorough internal competency assessment and some sophisticated strategy development. The whole project took nearly nine months and was eventually turned down due to other investments taking priority. But it had been initiated, managed and declined by the firm's 20 year strategic planning group.

This will seem odd to people who have spent their whole career in private partnerships, but it is not unusual for companies to peer into the future. The oil giant Shell, for instance, invented scenario planning for just such a purpose and drug companies routinely work to seven year product development plans.

It tends to be large public corporations that have detailed and sophisticated business planning processes. Large computer companies, for example, have to plan their investments in new technologies and new sales channels. The numbers that business planners in giants (like for example IBM) have to use are mind numbing. There is not much room for error, so they have to decide who is doing what to whom and when as they put together their plans. The internal processes, analytical methods and strategic tools resemble the sort of business planning they teach on MBAs.

The increasing number of professional service marketers moving into publicly owned practices will find that the discipline of public reporting prompts companies to become more detailed and prescriptive in their planning. When the massive consulting arm of PwC was sold to IBM, for instance, all the rigour of the technology giant's existing business planning was applied to this sophisticated professional service. The cultural change was enormous and fascinating.

One VP told me of repeated conversations with ex-partners who, when asked for their income forecast, proffered well rehearsed arguments about the difficulty of estimating the size of advisory projects and the unwillingness of clients to commit. One even had detailed Powerpoint slides to show how IBM had to change. But Wall Street is unforgiving in its demand for quarterly income forecasts and these professionals had to work with their new colleagues to apply complex planning processes to their practices. The planning was done and the forecasts produced.

Private practices across the world (from law firms and accountants to search firms and consultants) are experiencing this pressure as they go public. The CEO of an accountancy 'integrator' in Australia told me:

"When we first buy a practice, former partners want to spend time telling me how the business ought to develop. They turn up with their presentations and waste time in speculation about the future. I have to settle them down and make them comfortable with the knowledge that this is not their responsibility. Their job is to serve the clients not plan the business."

So, there is renewed interest in both business and market planning as growing numbers of professional service marketers find themselves accountable to public shareholders.

Yet private practices are stunningly successful, despite the lack of detailed business planning charts. Many earn three times the net margins of the clients they advise and have done so for centuries. Their success lays in the individual practices within them which, like cells in a living organism, evolve and respond to changes because they are run directly by an owner of the firm.

There may not be the detailed charts or processes found at Shell and IBM but they still plan the effective deployment of their resources. Like large family businesses or those driven by a charismatic entrepreneur, strategy and planning is often 'extant', determined only by a retrospective study of the pattern of intuitive decisions made by the leadership.

Planning amongst partners tends to be fluid, intuitive, organic and apposite. Above all it is inclusive and consensus driven. Yet there are business planning techniques which can help in this less prescriptive environment. In the 1990s, for example, I was involved in a planning project at the elite search firm Russell Reynolds. It had grown by the creation of local geographic offices as teams in major cities established and developed client relationships.

Debate grew within the firm about how to prioritise opportunities and where to invest. How should the firm decide whether 'global telecommunications' had more potential than, say 'consumer products'? Should sectors have more weight than geographic offices? Where should the leadership invest partners, staff and marketing funds? What was the mechanism by which scarce resources would be allocated?

By the mid 1990s the firm had reached the point where it needed to reach a consensus on how to prioritise their approach and decided to use the GE/McKinsey matrix as a tool to structure its thinking. In preparation for a strategy meeting of the firm's leaders, over 60 clients were interviewed across the world, together with a large percentage of partners. Yet, throughout the whole process, not one of the firm's marketing specialists was involved.

Once all the practices were assessed, a matrix was agreed which proved to be a useful basis for debate and decisions. Investment strategies were naturally discussed and agreed by the group. The power of the exercise was the use of the tool to make unarticulated assumptions explicit, to generate debate among the leaders and to reach consensus about investment strategy. As each practice was ranked, colleagues challenged their peers and reached a workable consensus. Highly effective marketing strategy was developed and implemented without the involvement of the marketing function.

Other business planning techniques (like scenario planning, Ansof's matrix or positioning maps) can also draw out a consensus amongst leaders. Professional services marketers ought to know them in depth and understand the moments in the strategic debate of the leadership when they will be directly relevant. Otherwise, like Baldrick, they will be suggesting plans which are too little, too late and unrelated to the greater perspectives of the firm.

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