

The influence of the human factor on planning

Corporate culture beats method and software



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In a volatile dynamic world, planning will become a major challenge for many organizations. Attention will focus on what resilient dynamics-driven planning should and can achieve and increases digitalization pressure. This is because the technical prerequisites for effective, resilient management planning with new digital options such as predictive analytics and simulations frequently have to be established first. Often, the ensuing need for structural changes in the organization is not taken into due account.

At a recent CA controller akademie management planning symposium, a plethora of successfully implemented methods for planning in a dynamic and complex environment was illustrated and the Controller magazine regularly features proven use cases. However, at the latest when they set about implementing these best practice solutions, companies realize that such an undertaking is no easy matter. Time and again, in our project work with clients, it becomes clear that regardless of the nature of the desired improvement and the methods and measures selected, many companies fail to achieve the hoped-for success. Interestingly, in all cases, one common denominator can be found. Almost none of the projects to improve planning failed due to a lack of knowledge about methods or software support. The crux tends to be that the changes associated with adjustments in methods are not accepted by the people within the organization because they have to relinquish inured patterns. Even in an initial step such as simplifying the planning process, corporate culture clearly plays a decisive role. Leaving the human factor out of the equation, methods and software alone do not lead to success.

In case of projects to adapt the planning process, this recognition has led us to recommend that a full understanding by all stakeholders and a high degree of transparency be achieved to generate more acceptance of the planning object and process. Broadening the focus to include seven themes helps you to avoid concentrating

solely on methods and software, as I will illustrate based on the example of a company that we are currently supporting in a project. When you read through each of the points, please think about how each one in particular might impact the planning process as a whole.

1. Business model and strategy

In addition to its existing B2B business, the company aims to set up an online B2C trading platform and to extend its international reach.

2. Governance and compliance

The company is internationally networked and uses transfer prices. The implementation of fiscal provisions is not sufficiently decoupled from the measurement of management performance in markets which forms the basis for awarding manager bonuses.

3. Controlling logic and KPI

The controlling logic continues to equate with the company's old strategy. Moreover, given the increased dynamics in the market and greater complexity, the drivers of the company's success will need to be reviewed regularly in the future. Forecasts tend to be unreliable and are exclusively based on management estimates.

4. Data and systems

The responsible managers lack data competence. The system world is not integrated, but full of individual solutions with fragile interfaces. Simulations and risk assessments are scarcely supported by the system. Every change sparks a major administrative effort.

5. Organization and roles

Controlling collects relevant information from departments in order to aggregate it into an integrated plan. There is neither a defined work flow for planning nor a clear assignment of tasks/competencies/responsibilities across the process.

6. People and culture

The company has led the market for many years due to some unique selling points. Competition has increased sharply over the past five years. The employees identify with the company's values; they are very loyal and very well qualified for their jobs.

The seventh remaining theme is **"Processes and methods"**. Most companies focus almost exclusively on it when (re)designing their planning process. Discussing whether driver-based planning might be a valid objective is undoubtedly important, but if other influencing factors are not taken into account, it is unlikely that the resulting solution will be welcomed by the company's employees.

As a takeaway, if you want to design your planning with a future perspective, involve as many decision makers as possible and hold a kick-off workshop in order to raise a common awareness of what is at stake and ensure transparency before you begin to think about solution approaches. These seven themes can serve as a useful compass to help you get started. Incidentally, we use a very similar structure not only in our planning projects, but also in our consulting approach when drafting CFO road maps.

Important questions for Controlling

- ▶ What is the strategy behind your planning process? Is there one and are people aware of it?
- ▶ Who in your company holds responsibility for the planning process?
- ▶ How do you involve stakeholders in process design and implementation?
- ▶ What role do you identify for Controlling in this context?
- ▶ Do you have a CFO/Controlling roadmap?
- ▶ How do you ensure that all managers understand the company's controlling model?
- ▶ How do things stand in your company with regard to data competence? ■

