TOOL FOUR

Gap analysis

What manager doesn't know that planning is one of the essential functions of management?

Yet, while planning may be given plenty of lip, service and publicity in annual reports, its importance and practice have actually deteriorated in the recent years of fast change and constant crises.

This is unfortunate, because planning should be increased and be made more sophisticated when the status quo is disturbed.

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However, managers are often afraid of planning or, perhaps, just find it distasteful.

Frequently, the reason is that a doer feels uncomfortable performing a "soft" activity: it deals with the future; its conclusions cannot be proved until it's too late; there are no standard methods of implementation; it takes time away from pressing daily tasks.

A prevalent managerial attitude is demonstrated by the facetious but revealing statement: "Any damn fool can plan five years ahead, but it takes real executive ability to leap daily from crisis to crisis."

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One solution to this attitude is to abolish planning, not as a function, but as a word.

An enterprise does not need planning; it needs managing.

Particularly, managing for the future or, even more precisely, managing the future.

Today's strategies are tomorrow's results.

We should stop using the word "planning" and replace it with the term "strategic management."

Strategic management connotes taking proper, innovative, clever actions—next Monday morning—to assure the continuous success and unfaltering progress of the corporation.

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A major criticism of planning activities is that it takes too much time to procure and analyze data before a recommendation is made or a plan is prepared.

The obvious answer is to manage in the practical zone between paralysis by analysis and flying by the seat of one’s pants.

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How do you achieve a happy medium?

Pyramid thinking and directed brainstorming can help.

But perhaps the most powerful tool in strategic management is gap analysis.

Gap analysis is a clear-cut, step-by-step procedure that can effectively help an organization respond successfully to changing external trends and at the same time reach desired goals.

What Do We Mean by "Gap"?

The Greek letter delta is used in mathematics to signify difference.

It can also be a useful symbol in business planning.

The definition of change is the difference between two states: before and after the fact.

The first step in planning, or any management function, is to understand the dynamics of change.

What happened; what is happening; what will happen?

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The focus must be on the delta of the event.

This difference creates a gap between the old and the new situation.

The gap must be filled, solved, or dissolved—it cannot remain untouched because the status quo, the fine equilibrium, has been upset.

Example:

When integrated circuits replaced wires and vacuum tubes, the maintenance and repairs of electronic equipment changed drastically.

This created a delta—a significant difference between what service people knew and what they had to know.

To fill this major gap of knowledge and methodology, service people had to be retrained and taught new methods of handling repairs.

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Gaps cannot be filled by wishing or hoping.

They must be filled by forceful, innovative actions.

A delta spurs good management to prompt action.

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Another Example: The development of smaller, cheaper dish antennas has created a delta for cable companies.

Pay channels such as HBO can be received directly by dish antennas, bypassing the rental of converters from the cable company.

The gap of lost revenue must be filled immediately, before the practice spreads.

Expensive scrambling of satellite signals and local detection of illegal signal reception are being considered.

One thing is certain: The cable companies’ status quo has been disturbed and the companies must eliminate the delta, even though that will be expensive and complex.

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Just as important, gap analysis can also be used to reach desired goals.

To do that, one establishes a willful delta between a dream objective and today's actual results, the business-as-usual status quo.

The gap can be filled only by new, innovative actions specifically aimed at the delta.

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There is nothing very new about the mechanics of the gap analysis process.

The success comes from the methodical and dedicated application of a thinking discipline.

It needs top leadership to motivate and maintain it.

Some Basic Deltas You Must Consider

Strategic management is less difficult than the preceding pages may make it appear, because the process is relative, not absolute.

Management doesn't have to seek perfection—it only has to beat the competition.

In that battle, the margin of superiority should be just enough to win; 10 percent is a good rule-of-thumb figure.

Bigger differences are expensive to achieve and don't bring any greater benefits.

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Initiate this relativistic approach with an extensive analysis of all your competitors, direct and indirect.

This should be done before anything else.

Knowledge of one's customer, one's market, and one's competition is the foundation of strategic management.

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The deltas of competition, the key positive and negative comparisons and factors, must be carefully identified and placed in priority order.

What are the most crucial differences to be overcome (negative) or maintained (positive)?

What new actions must be taken next Monday morning?

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It's a very basic and straightforward process.

It's also a neglected one.

The lack of solid competitive analysis is appalling, particularly in companies with plenty of resources to keep continuous tabs on their competition rather than make periodic efforts.

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Another key delta of knowledge is against the "leading edge."

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The key question to ask and answer is: "Who in the world has the most advanced techniques and practices in marketing, production, R&D, data processing, automation, service, personnel, financial?"

And: "How do these companies compare and relate to ours?"

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The obvious first step is to acquire information.

Managers must be knowledgeable about worldwide practices relevant to their operations.

To be that knowledgeable requires serious study of various and different ways of doing business.

That prevents inbreeding, arrogance, and the ostrich complex.

The next step is doing some thing about improving one’s operations.

Not some day in the future, but next Monday morning.

What Factors Must Be Considered in Strategic Management?

The scope of strategic planning and management is defined in an interesting fashion by William F. Martz, coauthor of the Corporate Planning Process Manual. He describes the various forces that impact on an organization and must be dealt with in a comprehensive planning effort:

The Shapers: The social, economic, governmental factors that shape society, the consumer, and the economy. They create new and different market conditions, and determine …

The Demanders: The specific markets that demand to be served and wait to be fulfilled by …

The Satisfiers: The products and services, properly designed and priced, ready to satisfy the specific market demand. Satisfiers are the target of …

The Challengers: New technology—threatening rapid obsolescence of existing products—and competition trying to secure a larger share of the market. They can be conquered by ...

The Generators: The operations and supply phases of the business—they provide the development and manufacturing of products, the selling efforts, and all the other activities required o bring a product or a service to the marketplace. The generators are fueled by ...

The Energizers: The human resources needed to make it all happen —talented, motivated, trained, skilled, and innovative people and physical resources—the financial means and facilities such as buildings, plants, and equipment. Finally, there are ...

The Feeders: The suppliers of all the external resources required to support the internal effort.

They become increasingly important as companies subcontract more and become critically dependent on the efficiency of their feeders.

The feeders must provide timely delivery, good quality, and the right price.

They are of vital importance to the entire process and should be given more attention and supervision in an era of deteriorating service and quality and just-in-time inventory requirements.

Plan Only What's Important—and Have Fun

Gap analysis planning should not be a complicated, tedious chore.

It should be a creative, interesting, fun endeavor with the enthusiastic participation of key managers throughout the company.

Planning must be useful to the company; the process must make a definite, direct, major contribution to the continuity/futurity of the business.

It must be perceived as one of the success factors of the enterprise.

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To earn this mark of distinction, planning must deal with important factors only.

Low-priority issues and routine matters must be deliberately ignored and bypassed.

Company management should treat planning as a prime mover, not as an activity dealing with the obvious and the trivial.

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On the following pages you will find the step-by-step procedures for conducting a gap analysis.

The analysis should be made by profit center rather than by one analysis for the entire organization.

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And remember: Plans should be short!

The key to effective strategic management is to distill plans down to the essentials of absolute importance.

Step 1. Where Are We? External Environment Profile

Understanding the external environment relating to your business is more than important, it's vital.

Step 1 of gap analysis deals with the reality of the present.

What Are the Key Factors in Our Environment—and How Much Can We Control Them?

You want to position your business within the present external realities.

You seek to better understand your markets, your customers, your distribution channels, and your products and services.

Here are some guidelines:

- Prepare the profiles carefully and thoughtfully.
- Concentrate on the important areas.
- Reduce the amount of information to eliminate noncritical mass data and relations.
- Attempt to isolate the key factors that comprise the lifeblood of your company.

- Summarize and establish priorities.
- Determine the degree of control or influence you have over the key external factors you have isolated and prioritized.
- Transform all important summary data into quantitative terms so that they are measurable and amenable to control and comparison.
- Try to convert even qualitative statements into some sort of quantified ranking or comparative scale.
  - Effective planning largely depends on the ability to measure ostensibly unmeasurable factors.
- Prepare graphs to reflect your key factors visually.

Step 2. Where Are We? Internal Environment Profile

Objectivity Is a Must

It is usually easier to be objective in dealing with the external forces outside your control than with internal factors that are under management direction and were created by managerial decisions.

However, it is essential to examine internal operations with objectivity, even if you were the main orchestrator of past performance.

Unemotional frankness in analyzing internal situations is an important prerequisite of a good planning process.

Where Are We Right Now?

You want to take detailed snapshots of your business activities as they are in the present.

Prepare a series of internal environment profiles.

These should cover today’s activities in the areas of technology, human resources, physical resources, finances, and top-management philosophy.

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The sum of all activities and attitudes helps to define the nature of your present business.

By carefully examining the various functional profiles, you can acquire a list of the key issues that face the business in both the short and long terms.

Setting Priorities

We have repeatedly stressed the importance of prioritizing.

It’s the main and best tool for achieving better planning and operating results, because it forces constant evaluation, risk determination, and the calculation of relative value and impact.

It makes managers think-and concentrate their efforts on important items.

Do not hesitate to remind your people at all levels to manage by established priorities and to bring forcefully and rapidly to top management’s attention any actual or suggested changes in priorities.

Wait—It's Not Time to Plan Ahead Yet

When you have completed steps 1 and 2, you should know where you are today.

Obviously, past history and past trends are informative and provide background, knowledge, and an explanation of your present position.

But yesterday and even today are not necessarily the harbingers of tomorrow.

Don’t extrapolate yet.

Step 3. Where Are We Going? Future External Environment

You Must Consider the Impact of Future External Factors

External forces not under management’s control exert a growing impact on the operations of any enterprise.

Because this is an era of flux and unpredictability, external forces change more rapidly and more drastically.

The new impacts may create widely different effects from those inventoried in step 1.

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You can’t know what’s going to happen in the future, but you must still make assumptions about the key forces of tomorrow.

This is not a one-time, static analysis.

It must become a continuous, dynamic search and analysis process-refining, adjusting, rethinking.

Catalog Future Influences Systematically

It is first necessary to collect and catalog the major potential future influences on the company’s business.

Judgment and creative evaluation must be used with a touch of intuition and speculation.

The main task, however, is to try to state, in order of importance, the direct or indirect effects of the changing factors on specific areas of your business.

It requires making risk decisions on the priority, the kind, and the magnitude of the impact.

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It is not an easy task, but it is a very important one.

Proper understanding and, to a certain degree, guesstimating of future marketplace opportunities help in designing new and better products or services—and thus make a difference between success and failure.

Together they are your most important foundation for protecting and building the future.

Know Your Key Challenges and Threats

There is a constant need for review, consolidation, and synthesis.

This is true not only of planning but also of most thoughtful activities.

One should pause and reflect: What are the critical elements of a situation?

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Listing the key challenges and threats is of crucial importance.

If properly thought out, the list constitutes a springboard for investigation, validation, and, ultimately, initiation of an entire array of important action programs to assure the continuity/futurity of the enterprise.

Obviously, the original list had better be valid and properly balanced; otherwise, many subsequent steps will be costly and ineffective.

Step 4. Where Can We Go? Capabilities

Vast ideas with half-vast resources are incompatible with reality.

An organization should at all times have a down-to-earth understanding of its capabilities.

Do You Know Your Strengths and Needs?

A thorough analysis of one's strengths and needs is a classical recommendation of any book on management and planning.

It is still the right approach as long as it's done in a detached, unbiased, factual manner.

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Think through why your enterprise is still in business.

It obviously must be doing something right.

What are the key success factors that have contributed to your progress and growth up to now?

Make a further inventory of your strengths and needs (a euphemism for weaknesses) in your major business functions such as marketing, production, R&D, personnel, finance, and administration.

Be selective—list in priority order only the important strengths and critical needs.

Don't clutter your mind and your limited time with trivial nits.

Check Your Key Result and Activity Areas

To supplement your analysis of strengths and needs according to function, analyze the strengths and needs by key result and activity areas as well.

Over 20 years ago, Peter Drucker and General Electric determined that a successful company must possess significant strengths in seven crucial areas.

That is still very true today.

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Carefully check your real capabilities and performance under each of these headings.

Are there any serious shortcomings?

Are there certain unique abilities?

The key result and activity areas are:

- Customer satisfaction
- Productivity
- Innovation
- Management development
- Employee attitudes
- Public responsibility
- Continuity/futurity

Place all your strengths and needs in perspective, in relation to future requirements of the business.

Weigh, analyze, compare.

Make a final short list of your key strengths and needs.

Learn to operate by priorities.

No business can exploit all the opportunities or correct all the deficiencies.

The art of successful managing is to select the most important factors and to act upon them with singleminded, determined purpose.

Feeders Analysis—More Important Than Ever

Today’s companies are subcontracting more, adopting just-in-time inventory, going in for joint ventures.

Any business is dependent to a large degree on external sources: raw and semi-processed materials, manufacturing or assembly subcontracts, engineering or specialized consulting services, financial help, distribution channels, scarce talent.

Clearly, you must analyze your strengths and needs in this area as well as internally.

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Evaluate your position with each essential external purveyor of goods and services with which you have a relationship.

How good are they to you, how reliable, how dependent are you on any one of them?

What are your alternatives, secondary sources, in-house emergency capabilities?

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Feeders analysis is an important task, because the activities are not under the company’s direct control.

Don’t neglect it.

Step 5. Where Might We Go? Future Internal Environment

The business of business is to serve selected markets with wanted products and services.

There is a continuous need to match the demands of the various market segments with the satisfiers (products and services) offered by the enterprise.

Management must analyze and project the outlook for its present output on both a short- and a long-term basis.

The purpose is to determine the viability of present business-as-usual operations in light of the changing conditions of tomorrow.

Forecasts versus Potentials: A Crucial Comparison

Potentials are estimates of total demand of all the markets for all the products and services.

Sales forecasts are projected company sales of products and services in the company's market segment.

The difference between potentials and forecasts is a very significant indicator of future trends.

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If the company's share of the market segment is large and the potential is not growing, gaining additional share will be difficult and costly.

New markets and new products and services must be developed.

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If the company's share is small, additional penetration should be possible, regardless of the long-range trend of the total potential or the short-term outlook of the economy.

While penetration of market from 1 percent to 2 percent may compute to 100 percent growth, the overall effect is small.

The effort is under the company's control and is not significantly affected by external factors.

This is obviously not so when the firm has 60 percent or even 30 percent of the market segment share.

Extrapolations versus New Conditions: Another Vital Comparison

An additional tool for analyzing market and product and service growth potential is the comparison of two trends: extrapolation of growth based on past performance vs. change in future growth resulting from the impact of new conditions and new external forces.

If the new-conditions trend exceeds the extrapolation, prospects are evidently brighter than if the reverse is projected.

Serious and thoughtful analysis is required.

Present size of the market share plays an important role in the company's determination of future prospects.

Assessing the Future Business Situation

Evaluating future market attractiveness and product and service vitality sets two important parameters for future planning.

It determines both the minimum, conservative base of business as usual and the new prospects of where and how high present business could grow in changing conditions.

It sets the stage for establishing challenging objectives for the future, the next step in gap analysis.

Step 6. Where Do We Want to Go? Objectives

We examined the present and future environments, the momentum of business as usual, the probable changes in the market, and product and service potentials and forecasts.

We analyzed our capabilities, present and future, and critically examined our strengths and our needs.

Now—and only now—it's time to set our goals and objectives.

We must state explicitly where we really want to go.

Match Objectives with Personality

Setting objectives should be an emotional experience.

Objectives must reflect the inner ambitions and desires of the power person—that is, whoever is really in charge, whether it's the CEO, the chairman, the largest stockholder, the banker.

This person must balance company objectives with inner personal drives.

A conservative banker wouldn't adapt to the high-risk, super-growth objectives of a new venture, and an ambitious go-go entrepreneur wouldn't stand for the dull, secure objectives of a mature, plodding company.

Establish a Pyramid of Objectives

A corporate plan requires an entire hierarchy of interrelated objectives.

The pyramid of objectives starts with overall business growth wants: a statement of key values, markets, products and services, unique capabilities, and the level of profitability the corporation wishes to attain.

Basic quantitative goals of sales volume, net profits, and return on investment are summarized and extended into the future.

Desired improvement should be explicitly stated for each of the seven key result and activity areas.

The same thing must be done for the unique capabilities considered essential in marketing, production, R&D, human resources, finance, and administration.

Redefine Your Business

The definition of the nature of your present business should be compared with the definition of the nature of your future business.

If the corporate objectives are challenging and meaningful, there will be a substantial difference between the two statements.

This difference creates the stimulus for new strategies and innovative action programs.

Set Functional Objectives

Once overall objectives have been established, use them as a basis for setting departmental and functional objectives.

Functional planning in each department provides the vehicle for goal setting in each major function of the company.

Why Objective Setting Is Vital

Clear, precise, quantitative objectives create and cement the structure within which a solid planning process can be instituted.

They provide an unequivocal reference base for comparison and evaluation of actual results.

They also serve as catalysts for and stimulators of continuous efforts to improve overall and individual performance.

Step 7. What Do We Have to Do? Gap Setting

You are now ready to start setting gaps.

These gaps will represent the differences between the arbitrarily established objectives of “where do we want to go” (step 6) and projections of what will happen if you stick to “business as usual” (step 5).

The latter projections, representing “where we might go,” are not mere extrapolations; they are trends carefully adjusted by taking into consideration the impact of new external forces and assumptions of future changes in the environment (step 3).

Gaps Are a Powerful Tool

A comprehensive set of precise, quantitative, and measurable gaps is an extremely powerful planning and implementing tool for management at any level.

It can be successfully used by any organization, whether a profit-oriented corporation, a not-for-profit institution, a government agency, or a charitable organization.

Gaps are easy to understand and easy to communicate.

They have a common language, and they convey a simple message: “We must do something to fill the gap in order to achieve our goals.”

Gaps Can Be Used by Everyone

The concept of a measurable gap can be applied in a pyramid fashion throughout the organization.

The Board of Directors and the CEO may be interested in filling a net profit after taxes gap.

The VP of marketing sees that gap as one in volume of sales.

The sales director views the gap as numbers of salespeople and their qualifications (gap in training or, perhaps, motivation and incentives).

The R&D director views the gap as the number of new products, often because of gaps in technological advances.

The manufacturing executive examines the gap in the light of per unit production costs, created partly by the gap in quality control and the gap in efficient automation of production facilities.

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Lower in the organization, a shipping clerk may wish to solve the gap of unfulfilled delivery schedules, while a salesman struggles with the gap in his monthly quota.

In other words, gaps can be used on individual planning and implementing levels as well as on corporate, divisional, or departmental/functional levels.

Taking the Shame Out of Gaps

The existence of gaps in an organization is not a shameful or undesirable situation.

Gaps are created on purpose and with a purpose.

One of the important roles of a good planning process is to encourage the creation of challenging gaps.

This provides the basis and the stimulus for people throughout the organization to find gap-filling solutions.

Properly presented gaps can spread excitement and enthusiasm to all levels of a corporation and its divisions or profit centers.

Step 8. What Could We Do? Opportunities/Problems

Act to Fill the Gap

A gap between objectives and business as usual cannot be filled by wishful thinking.

It can be filled only by devising, proposing, and approving new strategies and implementing them through new action programs.

The emphasis is on the new or different, because we are dealing by definition with directions and achievements beyond business as usual.

The gap was created for exactly that purpose.

Do an Opportunity—Problem Feasibility Analysis

You must select major external opportunities and threats facing the business, as well as select your major internal strengths and needs.

The emphasis is on selection—the strategic determination of the direction to take and the means to be used.

Possible action programs should be listed, and priorities must be carefully evaluated.

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Since only a few businesses operate under legal monopoly conditions (and a few by illegal oligopoly collusion), competition must be given serious consideration by most enterprises.

Competitive strengths and potential moves should be carefully analyzed and kept updated for continuing perspective.

Possible action programs must be further evaluated from two points of view:

1. Risk-analysis assessment:

    - Evaluating various components of a program, such as time, costs, need, and impact, to arrive at a relative and judgmental overall rating of success probability

2. Resource-requirements assessment:

    - Evaluating various key resource needs, such as people, physical assets, management, and finances, to reach yet another perspective of the relative feasibility and economics of each program

Generate Action Program Proposals

Although most of the possible action program proposals are generated by designated personnel in the formal and continuous planning process, don’t disregard another source of innovative proposals.

Many companies encourage self-starters anywhere in the organization to organize ad hoc task forces and—mostly on their own time—work to prepare and propose what they consider to be worthwhile new endeavors for the. corporation.

These studies and proposals are not only for new markets, products, or services (revenue-oriented) but also for better internal procedures, efficiency, and savings (cost-oriented).

We’ll have more to say about task forces later.

Step 9. What Should We Do? Selection of Strategy and Programs

No enterprise has sufficient human, physical, and financial resources to implement all the programs it would like to.

At some time in the planning process, it becomes necessary to evaluate, select, and prune.

It is an important but also a frustrating task.

The final decision is purely judgmental-which is why it must take place at very high, if not the highest, levels of management.

Do a Strategy and Programs Classification

Market position is a key factor in determining future direction.

A matrix evaluation of current versus future markets and current versus future products and services should be done very carefully and without emotional bias.

This analysis can be used to determine the degree of probable future risk taken by the company, depending on the desired percent of change from the known (current products in current markets) into the unknown (future products in future markets) while taking into account the intermediate steps: current products in future markets and future products in current markets.

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The gap fillers—that is, selected new action programs—should be further analyzed by external strategy classification (e. g., horizontal versus vertical expansion) and by internal strategy classification (e. g., marketing versus R&D emphasis).

Make Explicit Commitments

When all the battling, paring, and adjusting have been done, it's time to specifically state the primary and secondary strategies through which the desired objectives are to be achieved.

It is also time to establish clear and unequivocal expected financial results, priority of action on the selected programs, and key steps and checkpoint target dates.

Adjust Objectives

We said in step 6 that objectives were to be established emotionally and were to express the true inner hopes and desires of the executives.

Now, however, the dreams must be adjusted to cold reality.

If the sum total of the new programs—all the gap fillers practically feasible and viable—do not add up to the total gap between the original objectives and the momentum of business as usual, then the objectives must be adjusted and, most likely, reduced to reality.

An organization should honestly try to find ways to reach its aspirations; but if it cannot reach them, it must abandon the unrealistic goals.

Objectives must be challenging but achievable.

Otherwise, the whole process of planning is compromised and may turn into an expensive exercise in futility and frustration.

Step 10. How Can We Do It? Implementation

The planning process does not stop with the general outline of what is to be done.

It is a continuous and reiterative process that covers and monitors all phases of management and business activities.

Thus, planning is very much concerned with the actual implementation of the new action programs-the gap fillers selected in step 9.

Evaluate the Impact of New Programs

New endeavors generate new relationships, step on a few toes, change established status quos.

Analyze the probable impact of implementation of new programs on the traditional “balance of power” between functions, as well as potential changes in direct and indirect business activities.

Your goal is to achieve constructive improvement, but you must consider the possibility of temporary disturbance and irritation.

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The implementation of every important new program has ramifications throughout the company.

It touches, directly or indirectly, on the activities of most other key functions and departments.

Try to determine how the addition of gap-filling programs will create changes—both short- and long-range—in functional objectives and operations.

Focus on departmental/functional activities in the key areas of marketing, production, R&D, human resources, finance, and administration.

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Put greater emphasis on departmental grass roots planning and implementation.

The corporate planning process should be aimed at integration and facilitation.

Obviously, it should not be performed or perceived as a top-down imposition of bureaucratic procedures, an avalanche of useless paperwork, and a time-consuming piece of drudgery.

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Pay particular attention to the potential impact of new and crucial programs on the human side of the enterprise.

Be aware that:

- The organization structure may have to be changed.
- A human resources and skills plan must be devised.
- Motivation and incentives should be reexamined.
- Managerial styles could be obsolete and in need of revamping.
- Essential cross-communications patterns should be examined for possible rerouting.

Step 11. How Are We Doing? Control, Control, Control

The last step of gap analysis—or of any planning process—is to monitor progress.

Each program proposal must include checkpoints, a timetable, and, of course, budgeted costs.

Strict control must be established to assure top management that implementation is proceeding as planned and promised.

Monitor the External Environment

The external environment is not under the company's control.

It may often create unpredicted situations which directly affect the key activities of the corporation.

A continuous system for monitoring external factors is strongly recommended.

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In earlier steps, key external factors and their impact were identified.

Objectives, policies, strategies, and programs were devised and selected on the basis of assumptions.

This makes it important to be alert to any changes in the external factors and the interpretation of factor impact.

Such changes must be analyzed as to their effect on total pertinent market and product and service potentials and the company's market and product and service sales forecasts.

This, in turn, may generate key changes in objectives, strategies, and programs.

The competitive assessment also may have to be revised.

Analyze Fiscal and Physical Variances

Analyze and deal with potential variances in key areas of the business.

Obviously, any one major variance may precipitate a chain reaction throughout the enterprise.

The most important final question is whether new and generally more risky programs, instituted because of certain assumptions, are still viable in view of unexpected changes in external factors.

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Setting objectives and devising strategies to reach new goals is not expensive.

Implementing the strategies through new and additional programs is very expensive.

That's where you need well-designed, accurate reporting and fast-acting control, control, control.

Make an Overall Assessment

It is beneficial for management to periodically reexamine the company's progress from a strategic point of view, in addition to reviewing the traditional financial reports.

Managers should take stock of their achievements during a predetermined period.

What challenges were met?

What threats were overcome?

What strengths were exploited?

What needs were developed?

How did all that compare with original objectives?

Were the successes major ones?

How did they happen?

What could be further improved?

What changes are necessary?

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A good corporate planning process is continuous and reiterative.

It strives for constant improvement.

It refuses to accept the status quo and battles complacency.

It forces managers to deal with greater challenges but makes management fun.